

Mr Wilson discussed plans for Chrysler with President Ford

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K factories hope for export coup

Source: Corina Howard Townsend

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Ir Foot appeals for end of strike

Michael Hatfield, of Staff

appeal for the Chrysler to return to work while negotiations continue was made. Michael Foot, Secretary of the Labour Party, yesterday

Foot made his appeal in a notice question. He said the new settlement was due until July 1 and hoped there would be a resumption of work negotiations to continue company's proposals.

appeal to ease the situation in the motor industry came on the same day as the Government introduced the Bill in the Commons.

hit by car damages 122,760. Our Correspondent reports that damages for a woman were paid by Mr. Kinner Brown in the court in Manchester yesterday to a girl reduced to a physical wreck in a road accident four years

sword, with costs, was to Sutton, aged 20, of Dial Lane, Stockport, Greater Manchester. It was against the driver, Mr. Edmund, of Edmonton Road, who had admitted the offence. The only issue before the court was the amount of damages.

Judge said Miss Sutton spent the rest of her life in a wheelchair and brain damage she received in shielding her cousin, from the full impact of the oncoming car as they were driving.

is left with impaired vision and concentration and ill-effects of a five-year-old, age added. She was with care and affection 21 months she was in hospital. But above all, she has been deprived of her two sisters and her family. But for the accident and care she would have been a living, breathing person in the opinion of the court.

ere visit. Tander Nyerere of Tanzania visited Britain from May 18 to 21, Buckingham Palace announced yesterday.

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430 pay beds to be removed from NHS from July 1

About 430 pay beds will be removed from the National Health Service from July 1, the Department of Health announced yesterday.

The cut is the result of last week's announcement that pay beds would be phased out, with an immediate 10 per cent cut. Only hospitals where there has been considerable under-occupation are affected.

On the NHS staffing crisis, Sir Rodney Smith, President of the Royal College of Surgeons of England, says it is likely to extend soon to surgery.

Hint of more cuts on education. Recent cuts in the planned increase in educational expenditure were severe but there might be worse to come, Lord Crowsley, Minister of State for Education and Science, told a conference on the implications of low economic growth for higher education yesterday.

He suggested an Open College for vocational courses.

Steel secrecy denied. The European Commission yesterday denied allegations by Mr. Hoffer, former Minister of State for Industry, that any secret deals had been made with British steelmakers to take a 'soft line' on steel during the EEC referendum campaign.

Similar denial was issued by the Foreign and Commonwealth Office.

Riot isle rescue. More than 500 European men, women and children were evacuated yesterday from the copper mining town of Panguna on the Pacific island of Bougainville, which had been held for 24 hours by 1,000 rioting mine workers.

Police broke through the barricade of the strikers, who withdrew.

Home News. EEC Referendum 4. European News 5. Overseas News 5.6. Appointments 13. Arts 9.

Business. Church 19.26. Court 18.26. Crossword 20.26. Engagements 18.26. Features 7.16.

Law Report 17.26. TV & Radio 17.26. Theatres, etc 9.26. 25 Years Ago 18.26. Weather 18.26. Wills 16.26.

US wanted to maintain its British operations and felt a solution could be found.

Later, Mr. Benn was able to publish a letter from Mr. Ricardo supporting the Prime Minister's judgment, but stressing that the active support of labour and the Government was necessary.

The scheme, only partly revealed, for reconstructing Chrysler UK draws heavily on what the Prime Minister had to say about Government policy and changing conditions in Britain.

As a result, the management has been able to preempt a still uncompleted study requested from a group of shop stewards.

Today's management discussions with top level union leaders, however, may be decisive in averting some shop floor calls for more extreme Government intervention.

Some reassurance on this point is thought to have been given by Mr. Benn, who met Mr. Elliott Richardson, the American Ambassador, on Monday and certainly discussed Chrysler's future and its present strike at the Coventry engine plant.

Mr. Wilson on Sunday said he 'utterly deplored' what was going on in the Coventry dispute.

The swing of union opinion behind the Government-backed initiative to save Chrysler now depends on the view, as well as the still secret details of the rescue plan, taken at today's talks in London by Mr. Jack Jones and Mr. Moss Evans, from the Transport and General Workers' Union.

Mr. John Boyd and Mr. Bob Wright, from the Amalgamated Engineering Union, and Mr. David Bassett, from the General and Municipal Workers' Union.

It is also vital to get the Chrysler men back to work before Detroit has second thoughts.

able for the British Leyland rescue operation. It is expected that the scheme to acquire shares, which will be subject to the approval of shareholders and the court, will provide for the Secretary of State to offer to acquire the shares at a maximum cost of about £85m.

Furthermore, the Bill allows the Secretary of State to acquire at maximum cost of £200m further shares offered to shareholders and not taken up by them.

The explanatory memorandum to the Bill reiterates the Government's position that the extent to which the £265m will be expended under the scheme will depend on the extent to which the shareholders accept the offer of the Secretary of State for their shares and do not take up the shares offered to them.

Bank support fails to halt pound's slide. The pound continued to weaken on the international foreign exchanges yesterday in spite of heavy support from the Bank of England.

The 'floating' rate of the pound against the dollar worsened from 25.0 to 25.2 per cent. The dollar also came under pressure. It had been feared for some days that the British sterling's continued decline could trigger off a run against the American currency.

Ban on picketing to remain in force. The Court of Appeal decided by a majority of two to one yesterday that an injunction imposed on people picketing outside an estate agent's in Islington, London, should remain in force.

Lord Denning, Master of the Rolls, who dissented, argued that if workers were allowed to picket others should have the same rights. Law Report, leading article.

Ulster Convention: Recommendations on procedure to help the new body to run smoothly are to be circulated to the 78 members.

Whitehall confusion: The Department of the Environment has approved the demolition of a Birmingham church that it listed only last month.

Chinese in Paris: Peking's First Deputy Prime Minister has 'frank talks' with President Giscard d'Estaing.

Treasures experiment: The National Portrait Gallery and National Trust have combined to exhibit 100 great portraits in an historic home.

By Our Political Editor

The economic crisis and the Government's attitude to the pressures on the pound are to be the subject of a debate in the Commons next week.

Under questioning in the House yesterday by Mrs Thatcher, Opposition leader, Mr Wilson, contrary to practice, made known that the party managers yesterday morning discussed an early debate, and it would take place next week.

Mrs Thatcher, aware of the 'deepening anxiety' among her rank and file after Mr Wilson's weekend broadcasts, had pressed for an economic statement either by the Prime Minister or the Chancellor of the Exchequer.

All the signs are that the Chancellor and the Cabinet want to suspend any action to avert domestic anxiety about the economy until after the EEC referendum on June 5, probably on the argument that one party managerial difficulty is enough at any one time.

But rarely in post-war years have Conservative MPs and some other members of the Commons had such a deep sense of a need for urgent positive action to avert economic disaster. They are in no mood to brook delay.

Mr John Biffen, Conservative MP for Oswestry, has raised the question whether a further devaluation of the pound may be necessary. Mr Robert Mowbray, Conservative MP for Wokingham, said yesterday that it was no good waiting for a coalition: 'It is up to the Labour Government to get out of the difficulties in which we find ourselves.'

Mr McCordle said Britain was about to enter a summer of crises, 'with a likely run on

the pound irrespective of the outcome of the EEC referendum and with inflation generated principally by exorbitant wage claims running at a totally intolerable level'. He continued: 'A year ago I gave some support to the idea of a government of national unity, and if things continue on their perilous path, then of course one would again be obliged to put country before party. I am a little concerned, however, that people may yet again see a coalition as a panacea, whereas what is going to have to happen sooner or later, before the people come to their senses, is a short, sharp shock. If a coalition is merely a method of postponing the inevitable, then a coalition would be a disservice. It is also difficult to see what a coalition government could agree about, and who would be acceptable at its head.'

Our Parliamentary Correspondent writes: Ahead of next week's debate on the economy, jittery MPs on the Conservative and Liberal benches in the Commons last night demanded immediate action by the Government to rescue sterling.

Rejecting the warnings of Mr Short, Labour's deputy leader, that such talk could only make matters worse, Mr Nicholas Ridley, a leading Tory backbencher on economic and financial matters, said that only one thing would have any effect now on the declining value of our currency.

There would have to be an economic package from the Government before the Whitson recess and the Prime Minister must come before Parliament to make a statement about further massive cuts in public spending and the increased taxation that he was proposing to impose.

From the Liberal benches, Mr Emylvn Hooson spoke of the

Continued on page 2, col 3

Bigger sugar subsidy will cut prices by November

By a Staff Reporter

Cuts in wholesale prices of sugar to take effect in October, were announced yesterday by Mr Peart, Minister of Agriculture. He hopes the early announcement will dissuade food processors from by-passing the British refining industry and signing contracts for low-priced beet sugar from other EEC countries.

The reduction, which will cost more than £50m in subsidies, should make a 1lb packet of sugar about 5p cheaper in the shops by November.

Early this year the Government had to accept a price of £260 a ton for raw cane sugar to secure adequate supplies. But after pressure from cane refiners and trade unions over falling demand, Mr Peart said in a parliamentary written answer that the price of refined cane sugar should fall to £214 a ton in October.

Nypro rebuilding. Flixborough members of the Transport and General Workers' Union are supporting the Nypro company's case for rebuilding the factory destroyed in the explosion last June.

Leader page 17. Letters: On controlling domestic inflation from Prof. J. R. Hume; on private art collections and wealth tax from Mr Francis Russell and others. Leading articles: Picketing: The two Ger-

Features, pages 7 and 16.

Philip Howard discovers an example of the way in which ancient and modern art can co-exist in the Clay Cross controversy. Louise Weiss contributes this week's column in our International Women's Year series.

Michael Learyman visits Haiti and finds little has changed under a President whose interests are karate and model aeroplanes.

Arts, page 9. William Gounon on the British Museum's Turner exhibition; John Percival on Scottish Ballet's gala; Irving Wardle on A Certain Vincent (Soho Theatre); William Mann on Manon Lescaut at Brighton Festival.

Obituary, page 18. Noted Saltier.

Sport, pages 10 and 11. Rugby Union: England XV beaten in Sydney; Cricket: John Woodcock discusses a possible change in the England captaincy; Tennis: British hard court championships at Bournemouth; Racing: Hobnob wins the Dante Stakes at York.

Business News, pages 19-26. Stock market: Gilt was steadier but could not run into profit-taking. The FT index fell 7.5 to 322.4.

Gauging the extent of FNPC surgery: improving the United Biscuits ratio; comparing Long and Costain.

Why the state industry chairmen are marshalling their forces: Repercussions for the computer industry of the new French connexion.

The new managing director of the Meriden motor cycle cooperative talks about his job.

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Israel fails to stop leak of Kissinger minutes

From Eric Marsden Jerusalem, May 13

Relations between Israel and the United States have suffered a severe blow by the publication in New York of a report on the confidential minutes of discussions last year between Dr Kissinger and Israeli ministers then in office.

The minutes are said to contain disparaging remarks made by the Secretary of State about leaders he was dealing with in trying to reach a Middle East settlement—Russians, Egyptians, Syrians and Japanese among others. It is felt here that publication could affect Dr Kissinger's standing as a Middle East mediator.

The Israel Government had taken drastic steps to prevent publication of this embarrassing material, which appeared in a book, *Confessions and Secrets*, written by Matt Golan, one of Israel's leading political commentators. They banned the book, then tried to stop news of the ban being published.

But a detailed account appeared today in *The New York Times*. The newspaper's Jerusalem correspondent broke censorship to file his report, on the ground that the Israel censor was acting for political and not military reasons. The authorities, however, maintain that Israel's security was involved.

According to *The New York Times* the book was banned on the personal order of Mr Rabin, the Israeli Prime Minister. Mr Rabin had told the Cabinet last week that if this material was made public, Dr Kissinger would probably have to resign and Israel-American relations would be irreparably damaged.

The censor then banned the book on the ground that there might be a threat to the flow of American arms and aid to Israel. Later the author's manuscript, notes and source documents were confiscated.

Late last night the Israeli Army spokesman stated in reply to correspondents' inquiries that publication of Mr Golan's book had been prohibited after it had been ascertained that it contained 'classified and highly classified material' and that its publication would be damaging to Israel's security. The Government censor added a note warning all correspondents to submit all material relating to the ban to his office.

Israel's newspapers today quoted extensively from *The New York Times* report and the evening paper *Yedioth Aharnon* added that there were rumours

Continued on page 6, col 1

From Patrick Brogan Washington, May 13

The seized American merchant ship Mayaguez is reported to be motionless, 30 miles off the Cambodian coast, guarded by two Cambodian naval vessels. American aircraft, presumably from bases in Thailand, are watching them continuously.

Unconfirmed but reliable reports in Washington suggest that 1,000 Marines have been put on the alert in Okinawa and that 150 of them will be flown immediately to Thailand. The Thais would oppose the use of American bases to recapture the Mayaguez and the United States Government continues to hope that the Cambodians can be persuaded to release the ship immediately.

President Ford held another meeting of the National Security Council in Washington this morning, and briefed congressional leaders afterwards.

Senator Jacob Javits, of New York, said afterwards that the President was being cautious but determined that the ship must be recovered. 'He is keeping his shirt on, and that is a good thing.'

Ships of the United States Seventh Fleet are believed to be steaming toward the Gulf of Siam and will probably get there within 24 hours; late afternoon tomorrow, London time, early morning on Thursday, local time.

The White House and Pentagon will give no details of any plans they may have to deal with the situation, but it is perfectly clear that the United States Air Force in Thailand is capable of seizing or sinking the Cambodian ships and rescuing the Mayaguez immediately, if so ordered.

It is probable that the threat of immediate action brought the convey to a halt on its way towards the Cambodian port of Sihanoukville yesterday.

The arrival of the aircraft carrier Coral Sea, or her accompanying destroyer, would merely permit the operation to be carried out without involving Thailand.

The American policy is evidently to offer Cambodia the choice of immediately releasing the Mayaguez or suffering whatever force may be necessary to free it. The Americans would prefer the peaceful solution, out of concern for the crew's safety and to avoid further complications in their relations with the new communist Government of Cambodia and its neighbours.

It is evident, however, that they are not bluffing. When the North Koreans seized the USS Pueblo it was a spy ship, in North Korean territorial waters, and was brought ashore immediately.

President Johnson recognized that he had been caught out and accepted the consequences: he lost the ship but got the crew back by negotiation. The Mayaguez is a peaceful merchantman, seized on the high seas and can be rescued

at once with a minimum of force.

It is notable that comment in Congress so far has been in support of the President.

Washington, May 13.—A United States Navy reconnaissance aircraft was hit by gunfire as it flew yesterday over the Cambodian gunboats which had seized the Mayaguez, Government sources said today.

According to the sources, the unarmed reconnaissance aircraft sustained only minor damage from what apparently was small arms fire. It flew over the Mayaguez a few hours after the ship was fired at by the Cambodian gunboats and then boarded early yesterday.

Reuter.

Bangkok, May 13.—Mr Kuriie Pramot, the Thai Prime Minister, said today that Thailand would not allow the United States to use Thai air bases for military action against Cambodia, including any armed attempt to secure the return of the American merchant ship.

We have enough trouble with Asian neighbours now,' he said.

The United States has about 27,000 troops in Thailand.—AP. Peking, May 13.—The United States liaison office in Peking was today believed to have made contact with the Chinese Government and Cambodian representatives in Peking, over the seizure of the United States ship.—Reuter.

Asians prepare for politics without war, page 6

US puts Marines on alert and sends warships to Gulf of Siam

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Whitehall recognizes new Saigon regime

By David Spanier. Diplomatic Correspondent

Britain has recognized the communist Provisional Revolutionary Government of South Vietnam. In a telegram to the Foreign Minister in Saigon, Mr Callaghan, the Foreign Secretary, said that he hopes to reopen the British Embassy as soon as possible.

Mr R. M. Hunt, who was evacuated to Singapore with other embassy staff, will act as Chargé d'Affaires. Mr John Bushell, the former Ambassador, is now in London.

The timing of Mr Hunt's return to Saigon is not yet settled, but Mr Callaghan has expressed the hope that all facilities will be extended to him. Meanwhile, the British Chargé d'Affaires, in Hanoi, Mr John Stewart, has informed the North Vietnamese Government and the PRG representative there of the British decision.

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Mr Thorpe, the Liberal leader, Mr Heath, the former Prime Minister, and Mr Jenkins, the Home Secretary, at a rally in London yesterday to support the Keep Britain in Europe Movement (EEC referendum, page 4).

MPs debate economic crisis next week

HOME NEWS

Health service staff crisis 'likely soon to extend to surgery'

Sir Rodney Smith predicts

By Neville Hodgkinson

A crisis in health service staffing as a result of increased emigration by doctors is likely to extend soon to surgery, formerly one of the most popular medical specialties, Sir Rodney Smith, President of the Royal College of Surgeons of England, said yesterday.

He has been collecting from the college's regional advisers throughout the country figures for the number of applicants for surgical posts advertised recently at senior house officer level, the first rung on the ladder to a surgical career.

He said he had found that out of 760 applicants for 33 such posts over the past year only 21 were trained in the United Kingdom.

His advisers had commented that it had always been difficult to get suitable applicants at that level, but in the past six months there had been a sudden increase in the number of applicants from overseas.

"The indications are that even surgery will become a shortage specialty if these trends continue," Sir Rodney said. There were already difficulties in filling some surgical consultant posts, where there used to be no difficulty at all.

"The question used to be

which to select of the several highly eligible young men applying. Now there is tending to be a problem in finding any suitable applicants for a general surgical appointment."

The low response of suitable applicants for senior house officer posts was of particular concern, because "if we stop recruiting people at this level, in 10 years' time we shall have no consultants."

In discussions at the Department of Health, officials had recognized that there would be a shortage of surgeons by 1980. Some had recently revised that estimate to 1977, "and I think it will be before that."

The Department of Health last night denied that there were any indications of an impending shortage of surgeons. It said the surgical specialties had more people in training than would be able to proceed to consultant status.

Sir Rodney said in reply that that was factually correct but it did not take into account that only a tiny proportion of those applying for training posts were graduates from United Kingdom medical schools.

Reports received by The Times from hospitals and principals in general practice indi-

cate that in many fields of medicine the vast majority of applicants for vacancies are graduates from overseas, mainly Asians; and the standards of the overseas medical schools have been causing increasing concern in Britain.

Already, 40 per cent of all NHS hospital appointments are held by immigrant doctors, and the proportion of junior doctors from overseas has risen to nearly two in three.

The Royal College of Physicians announced yesterday that it has asked its 27 regional advisers to monitor numbers of senior doctors who are emigrating, in the light of growing public concern over reports that hundreds of doctors are leaving Britain to practise abroad. The college has also taken up the matter with the Chief Medical Officer, and will report its findings to him.

In the report yesterday, "Care rationing" idea for NHS, Sir Rodney Smith was misinterpreted as saying that he did not believe that one reason for declining morale in the profession was a widespread belief that freedom and independence were under constant and increasing pressure. He believes firmly that that belief is well founded.

Industrial inquiry delayed by TUC opposition

By Michael Hatfield

The Government's plan to announce yesterday an inquiry into industrial democracy was postponed because of opposition by the TUC to the terms of reference. MPs had been informed that Mr Shore, Secretary of State for Trade, was to make a statement.

The Government intends to make a statement next week. But the delay has prevented it from carrying out one of the principal aims of the statement scheduled yesterday: to provide assurances so as to prevent a private member's Bill on industrial democracy from going into committee.

Jail term ended for firearms club manager

Mr Robert Kennedy, a firearms club manager, was freed from prison yesterday after serving a two-year term on charges of possession of a gun. He was freed by the Court of Appeal in London yesterday.

Mr Kennedy, aged 41, of Lucas Way, Bedfordshire, was jailed at Bedford Crown Court on November 5 for possessing an automatic pistol and ammunition without a firearms certificate and for attempting to sell the gun unlawfully.

Mr Justice Kerr, sitting with Lord Justice Scarman and Mr Justice Cantley, said the weapon was once used by members of a gun club that Mr Kennedy ran. The judge seemed to think there was a more sinister background to the case, but the Court of Appeal believed that that was not the correct view.

MP leaves hospital

Mr Arthur Latham, aged 45, Labour MP for City of Westminster, Paddington, has been discharged from hospital at Romford, Essex, after treatment for an ulcer.

Proposals to help Ulster Convention go smoothly

From Christopher Walker

A report containing detailed recommendations for the procedure to be adopted by Ulster's experimental constitutional Convention will be circulated to all 78 members early next week.

It will contain suggestions that will be crucial for the smooth running of the new body, which it is widely feared will run into the same undignified operational difficulties that have beset previous Assembly and Parliament meetings.

Murder trial jury told of girl's bicycle rides

From Our Correspondent

Miss Alison Caveney, aged 23, a typist, of Bucklow Avenue, Moberley, Cheshire, burst into tears at Chester Court yesterday when she was shown the bicycle that Jane Taylor, aged 10, rode the day she disappeared in August, 1966.

Miss Caveney was a witness at the trial of William Ian Cope, aged 34, a gardener, of Arundel, Sussex, who has pleaded not guilty to the murder of Jane Taylor.

Miss Caveney told the jury that Jane, a next-door neighbour, had asked to borrow her brother Alan's pink bicycle. Jane rode off through the village, and on her return after a few minutes asked for a second ride. The bicycle was rather big for her, and she went off, Miss Caveney added, a little wobbly, perched on the edge of the saddle. She did not return, and that was the last time Miss Caveney, then aged 14, saw her. The trial continues today.

£10,000 damage to school

A young man and two boys went on an orgy of vandalism which left a £10,000 trial of damage in a Hampshire school, it was alleged at Winchester Crown Court yesterday.

Trevor Gregory, aged 18, of Hymie, and the two boys, aged 16, pleaded guilty to charges of burglary and damage at the Hartley Secondary School at Hythe. Mr Gregory and one of the boys also admitted breaking into Mr Gregory's married sister's home and wrecking a downstairs room. Mr Gregory was jailed for three years and the two boys were sent to borstal.

Mother and baby die

Mrs Nellie Ross, aged 25, and her daughter, Helen, aged seven weeks, of Black Notley, near Braintree, died under the wheels of an express train at Witham station, Essex, yesterday.

Economic package urged before Commons recess

Continued from page 1

similarity between the present situation in Britain and that in the Weimar Republic before Hitler came to power.

Angry, Mr Short said that on a subject of such acute sensitivity Mr Hooson had not spoken responsibly. The economic situation was serious but by no means hopeless. He pointed out that there were many hopeful signs.

The only way out of the nation's troubles would be by our own efforts, Mr Short continued.

But earlier, Mr Ridley had said that the cure for the crisis would cause unemployment, distress, and a reduction in living standards and in the rate of real incomes. Mr Hooson said that within the next few weeks the Government must come to a decision on a total freeze on wages and salaries.

He urged political parties to come together, bury their differences and agree on a way for the nation to survive. If the deterioration between now and June 9, when MPs returned from the Whitsun recess, equalled the deterioration of the past fortnight, the country would find itself in desperate straits. Call for inquiry: The Chan-



The Daughters of Heaven, a Japanese guitarist group, in London yesterday for concert rehearsals.

A social worker is cleared

Miss Patricia West, a social worker who was blamed for allegedly turning a schizophrenic killer away from a mental hospital, was exonerated by Sheffield Family and Community Services Committee yesterday.

Last Monday, at Sheffield Crown Court, Ronald Cobbett, aged 38, was sent to Broadmoor for the manslaughter of a woman and the attempted murder of two others.

Mr Justice Brabin criticised Miss West, aged 29, after being told that Mr Cobbett had gone to her for help and asked to be admitted to a mental hospital "because he felt he was going to do something terrible."

Miss West attended a meeting at the community services centre, and was told that Mr Cobbett was a danger to himself and others. She was told that Mr Cobbett was a danger to himself and others.

1,000 blind to join march

About a thousand blind people are expected to march from Lincoln's Inn Fields to the House of Commons tomorrow to protest about the inadequacy of their allowances.

Mr Tom Parker, general secretary of the National League of the Blind and Disabled, which is organizing the demonstration, said yesterday that additional living allowances had risen by only 50p in 28 years.

Budget an obscenity, Mr Mikardo says

Mr Ian Mikardo, Labour MP for Tower Hamlets, Bethnal Green and Bow, yesterday attacked the Chancellor's latest Budget as "an obscenity."

He recalled the chancellorship of Philip Snowden in the early 1930s, and said: "I never expected to hear another Labour Chancellor more than 40 years later again introducing a Budget whose effect is the deliberate creation of more unemployment."

"When men are put out of work by the pressure of circumstances that is a tragedy. When they are put out of work as a conscious act of policy, it is an obscenity."

But if you put this to Denis Healey he will tell you he was forced into this position against his will, by the vital need to reduce the huge and menacing deficit in our balance of trade.

Dying man discharged

A man suffering from hypothermia was discharged from hospital into police custody because the house surgeon in the casualty department thought he was "drunk, normal."

He died this morning at Hammersmith Hospital, London, after 25 hours of treatment. A verdict of accidental death was returned.

Weather forecast and recordings

NOON TODAY Pressure is shown in millibars. FRONTS shown. Cloud symbols are on a 1000 mb scale.

Today
Sun rises: 5.11 am
Moon rises: 7.38 am
Sun sets: 8.43 pm
Moon sets: 11.56 pm

First Quarter: May 18.
Lighting up: 9.13 pm to 4.40 am.

High water: London Bridge 4.24 am, 7.1m (23.4ft); 4.43 pm, 7.1m (23.2ft).
Low water: London Bridge 10.4 am, 12.6m (41.3ft); 10.18 pm, 12.6m (41.3ft).
Dover 1.25 am, 6.3m (20.6ft).
Bristol 8.44 am, 6.9m (22.6ft); 9.19 pm, 6.8m (22.3ft).
Liverpool 1.38 am, 9.0m (29.5ft); 2.3 pm, 1.8m (5.9ft).

A complex area of low pressure will cover the British Isles. Forecasts for 6 am to midnight: London, SE and central S England, East Angles, E Midlands: Sunny periods, showers developing; heavy and thundery at times; wind SW, light or moderate; max temp 14°C (57°F).
W Midlands, N Wales, NW, Ireland: Windy, light or moderate; showers; max temp 12°C (54°F).
Lake District, Isle of Man, NW Scotland, Borders, SW and NW Scotland, Glasgow, Argyll, N Ireland: Windy periods, showers; wind light, variable; max temp 13°C (55°F).
Sea passages: S North Sea, Strait of Dover, English Channel (E): Wind, SW, moderate or fresh; sea slight or moderate. St George's Channel: Wind W, light or moderate; sea slight. Irish Sea: Wind light, variable; sea smooth.

Yesterday
London: Temp: max 7 am to 7 pm, 15°C (59°F); min 7 pm to 7 am, 10°C (50°F). Humidity, 70 per cent. Rain, 24hr to 7 pm, 0.1 in. Sun, 24hr to 7 pm, 1.1 in.

WEATHER REPORTS YESTERDAY MIDDAY: C, cloud; f, fair; r, rain; s, sun; th, thunder.

Land Bill's impact on development criticized

By Our Planning Reporter

The Community Land Bill is regarded by development and planning circles as a disaster. The Royal Institution of Chartered Surveyors says in a memorandum to the Government. There is a danger, it adds, that if it is enacted in its present form it will cause a prolonged hiatus in the building industry.

The Institution supports criticisms that have been levelled at the Bill. It argues that decisions by local authorities to acquire land for development should not be made outside the existing planning framework.

Where an authority proposes to acquire land not allocated for development or not already the subject of an approved application, it should be obliged to give public notice and an opportunity for objections to be made, the Institution says.

Exemptions from "relevant development" should, as far as possible, be set out in the Bill, rather than in lesser regulations. One such exemption should be land owned by charities.

The Bill should give local authorities the option not to exercise their acquisition powers where it would not be in the community's financial interest to acquire the land and where the proposed development could be adequately controlled.

In such cases the developer would be given the opportunity to buy the land and carry out an approved scheme.

If it is the Government's intention to provide protection for residential owner-occupiers, that should be included in the Bill. Residential property will be just as much subject to compulsory acquisition under the Bill as that of any other landowner, and tenants of residential property to be acquired will be deprived of their security, the Institution points out.

GLC Labour majority 'to resist Government'

By Christopher Warman
Local Government Correspondent

The Community Land Bill came under strong attack from the Conservative minority and Labour majority when the Greater London Council met yesterday. The council will ask the Government to amend the Bill on 11 points.

Mr Illyd Harrington, deputy leader of the council and chairman of the policy and resources committee, said the council would do all in its power to implement the Bill, but he emphasized the difficulties faced by local government, especially London local government.

"Our financial and staff resources will be under severe strain if we can manage at all—and I want the Government to know that the threatened increase in government control over our affairs will be stoutly resisted," he said.

Local authorities were intended to incur heavy capital debt to implement the measures yet there had been no indication that the Government would make capital finance available.

"I hope this is not to be another example of a duty imposed on local government for which we are denied the necessary resources," Mr Harrington said.

It appeared that the Eschequer would like to get its hands on any resultant surpluses but the council firmly maintained that the benefits should be retained and local government should decide how it was to be apportioned.

The staff difficulties which would come were another result of "government double

talk. On the one hand, we are told to do something which requires us to secure values, plan, plan, plan, and on the other hand, we are told to pare our expenses to the bone."

It was disturbing to a much control the Government wished to retain over the situation. "The most onerous clause of this Bill is one that requires the Secretary of State to acquire or dispose of land," he said. "This seems a significant erosion of control of our own affairs."

Miss Shelagh (Upminster, C) said the various were opposed mentally to the concept Bill, and they totally rejected the concept of sweeping of compulsory purchase.

It was the third attempt to introduce some form of land nationalization, a previous failure had impaired housing efforts.

Mr Horace Cutler (West), leader of the Conservative minority, said the Bill was a confidence trick to the nation.

Mr Ashley (Bethnal Green and Bow) believed that the Government was putting the owner land into the hands of a concerned with the process.

An Opposition amendment to the council's general vote for the Bill was rejected by 56 to 34.

Dame Evelyn Dening installed as first woman, in succession to Lord of Hamstead. She had rejected the appellation "Chairman" as a "distinction."

She later, "madame chairman" "chair person" and was known as "chairma

Opposition decries Clay Cross measure

By Penny Symon

The authority of Parliament would be gravely damaged if the Housing Finance (Special Provisions) Bill, which removes disqualification and surcharges incurred when Clay Cross councillors defied the Housing Finance Act, was allowed to reach the statute book, Sir Geoffrey Howe, QC, the shadow Chancellor, said yesterday.

The Bill comes before the Commons again today and Sir Geoffrey said that as a first, urgent step towards tackling Britain's mounting economic

crisis the Government immediately withdrew it. Mr. Crosland will stage the debate on the Bill, with three main purposes: to surcharges under the Local Government Act, 1933, arising from a failure to implement Housing Finance Act, 1933, to surcharge other means covering losses due to failure; and to terminate disqualification for a local authority arising from a surcharge made in consequence of such a failure.

Bernard Levin, immediately withdrew it. Mr. Crosland will stage the debate on the Bill, with three main purposes: to surcharges under the Local Government Act, 1933, arising from a failure to implement Housing Finance Act, 1933, to surcharge other means covering losses due to failure; and to terminate disqualification for a local authority arising from a surcharge made in consequence of such a failure.

Good response claimed for firemen's ban

The Fire Brigades Union said yesterday that the response to its instruction that emergency calls only should be answered by firemen throughout Britain as part of a campaign for more pay was "very good indeed."

The union, with 30,000 members, includes all but two thousand of Britain's firemen.

The emergency-only service, due to last three months, was agreed at last week's annual conference at Bridlington.

The firemen want payment to cover the increased work involved in fire-prevention duty. They are also seeking an extension of their three-week annual leave, and a cut in their working week from 48 to 40 hours.

Civil servant seek living cost pay rises

From Peter Hennessy

The Society of Civil Servants, which last month won standard pay award of 30 per cent over 15 years, wants a further interim from the Government autumn to cover rising cost of living.

The society, which has 92,000 members in mid-agement grades, agreed annual conference in yesterday "to negotiate periodic increases as necessary to maintain standards of members."

Mr Gerry Gillman, the secretary, said that a new agreement "re that it would be difficult to persuade the Government anything more."

There are going enormous pressures on Government, from outside country as well as measured by the present. I do not minimize the difficulties, but make rash promises.

The conference passed a motion instructing the society to open talks with the Civil Service Association of First Civil Servants and the Revenue Staff Federation forming a federation, motions called for a rise in the working week extension of flexible hours.

50 picket racecourse
About 50 stable lads Newmarket picketed the course yesterday, the day of the spring meeting. A television crew to cross the picket line coverage was cancelled.



Our new first floor restaurant The Wellington, serves innovative food, cooked the way the English have always liked it. We offer a guide, though carefully prepared, two course luncheon from £2.50 to £3.75, inclusive. In the evening a more elaborate à la carte menu awaits you. And there's a light, late supper from 10.30 p.m. We also offer the kind of discreet service and relaxed comfort the English have always preferred. Thank heaven, we've kept one boot very firmly in the past.

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HOME NEWS

Education planners may face worse cuts, minister hints

By a Staff Reporter

Recent cuts in the planned increase in educational expenditure were severe, but there might be worse to come, Lord Cawthra-Hunt, Minister of State at the Department of Education and Science, said yesterday.

He told a conference organized by the North East London Polytechnic in conjunction with *The Times Higher Education Supplement* that the planned expansion of educational expenditure was much more modest than the Government wanted. But he added: "We have done better in these difficult periods than the Conservative Party did in earlier times."

He called for a more positive approach to manpower planning, employment of higher education graduates, and an Open College to offer non-advanced vocational courses to school leavers and adults.

Professor Gareth Williams, of Lancaster University, said: "If higher education is regarded as a major cause of economic growth and you have slower economic growth you spend more, not less, on higher education."

Welsh language: The Welsh League of Youth, the largest youth organization in Wales, yesterday asked the University of Wales to establish a Welsh-medium college within the university. (A Staff Reporter writes)

The league thinks the Welsh tradition of training large numbers of "teachers and preachers" for export has been damaging to the balance of Welsh life and is worried about the shortage of bilingual people in local government, health and

social services, journalism and the technical side of broadcasting.

In a memorandum to the university working party considering the case for a Welsh-medium college, the league says there will be an increased demand for bilingual administrators, and the development of Welsh language radio and television will require more journalists and technicians. Medical research: The largest private foundation, contributing £3.5m a year to medical research, is making special provision to help university groups whose projects have suffered from cuts in grants and the effects of inflation. That is one of two measures proposed in the latest report from the Wellcome Trust (our Science Correspondent writes).

The other scheme is to avoid duplication of research and to identify projects most deserving of support.

Dr P. O. Williams, director of the trust, outlined ideas yesterday for getting better use of resources with the opening of a new centre for coordination of medical research, including an exhibition of important projects receiving support.

Those include migraine, two of the commonest skin conditions, psoriasis and acne, and three of the most serious tropical diseases.

Dr Williams believes that the trust offers a flexibility for medical research difficult to achieve with any state-supported system. With university grants drastically restricted, support from private enterprise may enable Britain to maintain her prestige in medical research at home and abroad, he says.

No more cuts in RAF's display team

The Government has no plans for further cuts in the RAF's display team, including the internationally famous Red Arrows, Mr Brynvor John, Under-Secretary for the RAF, confirmed in the House of Commons yesterday.

He said the Government was always looking for ways of increasing the value for money provided by such displays. But it was satisfied that they were worth while and had a significant effect on recruiting.

The RAF has six flying teams and two ground-display teams. Significant reductions were made last year because of the need to conserve manpower, money and fuel.

Dentists given advice on anaesthetics

Dentists were advised yesterday not to administer anaesthetics on their own. Mr Rodney Swiss, president of the General Dental Council, said they could not take on a large part of administering anaesthetics, supervising the patient as well as performing the operation.

"In normal circumstances a second fully qualified person should be present when a general anaesthetic is administered," he told the council. In an emergency, a dentist could accept responsibility only if he knew himself to be fully competent, his staff to be properly trained, and his equipment and facilities to be adequate.

Contradictory Whitehall decisions start conflict between housing and community service plans

Demolition of listed building approved

From Arthur Osman

Birmingham. The Department of the Environment, which in March listed a Birmingham church as being of architectural and historical merit, yesterday approved in principle a building scheme involving its demolition. Plans for an experimental centre for problem families in the church also appear to have the department's approval.

The Birmingham Housing Association of Birmingham, which has the support of the department, has exchanged contracts with the present owners of the 100-year-old church, in Wretham Road, Lozells, a largely multi-racial inner district of the city. It plans a subsidised £150,000 scheme for 12 flats on the site. When the legal search was instituted on March 17 no listing had taken place.

Birmingham corporation said yesterday that the building was listed grade two on March 26 by a departmental investigator who found it undistinguished in detail but impressive in composition.

Mr Robert Oulsnam, chairman of the housing association, said: "It is an architectural monstrosity," Birmingham corporation, which had granted planning approval for the flats, also thought it had no architectural

interest. The association had applied to the department for a demolition order. He said: "It is now a conflict of what is more important: the disused church or providing new houses for people in need."

Mr Howell, Minister of State at the department and MP for Birmingham, Small Heath, who was a founder member of the housing association, was recently asked to support setting up in the church an experimental educational and guidance centre for problem families, the first of its type in the city. He in turn asked Birmingham education department for its views.

Mr Tony Rice, a teacher involved in community projects, has been asked by the department to arrange an exploratory meeting of interested parties. It is expected that finance for the project would come from educational funds.

Mr Rice, who eight years ago founded Westminster Endeavour (Weld) a highly successful community education body in the neighbouring district of Handsworth, said: "I should like to see the church used as a balanced community centre, and it is most encouraging that Mr Howell is interested. One of the major obstacles to effective interven-

tion with problem families is the lack of sufficient integration and cohesion within and between the support agencies themselves."

A single multipurpose building, needed for a unified approach to the families in difficulty, by the church. It is the community in the Handsworth-Lozells area had certain needs which were not being adequately met by existing services.

He thought the experimental project could be a liaison between the Department of the Environment, the Housing Corporation, the Home Office and the Department of Education and Science.

The nucleus of the experimental population would come from local housing association families, with others referred by family doctors, social services, the juvenile court and the probation service.

He added: "The initial need is for premises, and this could be met by the church. It is urgently requested that the Department of the Environment should intervene in order to preserve the Wretham Road buildings, whose demolition would mean the loss of a unique opportunity to find an effective solution to the increasing deterioration of community relations and welfare in the area."

Government wants women to head commission

By Our Parliamentary Staff

The Government intended that the chairman and deputy chairman of the Equal Opportunities Commission, to be set up under the Sex Discrimination Bill, should be women, Dr Summerskill, Under-Secretary of State at the Home Office, said yesterday.

Dr Summerskill, who was replying to an amendment to ensure that at least half the commission's members were women, told the standing committee considering the Bill that the appointments would be announced as soon as possible. Mr Jenkins, the Home Secretary, has authorized me to assure the committee that, in the first instance, of the

appointments for which he will be concerned at least half will be women," she said. The Government did not want to write into the Bill that women would be more favourably treated than men as that was against the whole philosophy of the Bill.

Mr Gilmore, Opposition spokesman on home affairs, said people would be appointed to the commission on a quota basis anyway. It would be logical and sensible for half the members to be women.

The voting was six to six, but the amendment was defeated after Mrs Lena Jeger, the chairman had followed precedent by voting to leave the Bill unamended.

Tory plan for fishing zone

Conservative frontbenches last night backed a new turn of party policy asserting that "an exclusive economic zone of 200 miles from the coast of the United Kingdom is necessary for the future of the fishing industry." (Our Political Staff writes).

Within the zone an area would be restricted to British vessels, with a belt as broad as possible subject to international negotiation. The policy statement added that the EEC's present provisional fisheries policy must be renegotiated to take account of that.

Cider firms lose right to use word 'champagne'

Bulmers and Showers, makers of cider and perry, have lost their High Court case in which they contended they had a legal right to use the word "champagne".

Mr Justice Whitford said yesterday that the action by H. P. Bulmer Ltd, of Hereford, and Showers Ltd, of Shepton Mallet, had failed. He said the champagne house of J. Bollinger and Champagne Lanson Père et Fils, of Rheims, representing all the champagne producers, were entitled to some measure of relief in their claim for exclusive use of the word "champagne".

Mr David Hirst, QC, for the English companies, had said the descriptions "champagne perry" and "champagne cider" had been used for so long that the champagne houses could no longer complain. Bulmers had used the word "champagne" for a hundred years and Showers for 35.

The costs of the case are unofficially estimated at £50,000. More than two hundred bottles of drink were produced as exhibits and there were 22 files of documents.

The judge said Bulmers and Showers had succeeded in producing as close an identity as possible to champagne. The court was "satisfied that a substantial number of people are likely to be misled by the expressions 'champagne perry' and 'champagne cider' which were likely to be taken to indicate that Pommery and Baby-cham is a champagne product."

He said the action was dismissed and the counterclaim succeeded. The champagne houses were entitled to a simple injunction to restrict the English companies from passing off by use of the expressions "champagne perry" and "champagne cider", or any use of the word "champagne" in a manner calculated to lead to confusion and deception.

Counsel said that after reading a transcript of the judgment they would return to court with an agreed order on a date to be fixed.

Accused 'did not recognize councillor'

Cyril Albert Rance, former managing director of a building company, said at Newcastle upon Tyne Crown Court yesterday that he did not recognize a councillor who is alleged to have received an £800 bribe to steer a housing contract towards the firm.

Francis McKenna, aged 63, the councillor of Durham Place, Uxley Mow, Birtley, Tyne and Wear, denied corruptly receiving £800 from Mr Rance. Mr Rance, aged 67, of Walsingham Close, Feltham, Sussex, formerly managing director of Carlton Contractors Ltd, of Epsom, Surrey, has pleaded not guilty to corruptly giving the money.

Mr Rance said that in January this year, when he was called to Gateshead police office he did not recognize Mr McKenna as the man introduced to him in 1969.

He said he was introduced to a man who was said to be Mr McKenna by Maurice Byrne, a former Mayor of Newcastle, who was acting as public relations officer to his company.

He had lunch at an hotel with the man, and met the man at the man's home, and later met the same man in London, where he paid him £800 in cash. He said the money was for helping Mr Byrne with his work and had nothing to do with a housing contract.

The trial continues today.

Correction

Governors of Reigate Grammar School which as reported yesterday, is to close in September next year, as a maintained school under comprehensive education plans for the area. It is to be an independent school for boys.

EEC REFERENDUM

Commission denies Mr Heffer's claim of 'soft line' on steel

From David Cross

Brussels, May 13

The European Commission today replied to allegations by Mr Heffer, former Minister of State for Industry, that it had agreed to take a "soft line" on steel during the EEC referendum campaign.

A formal statement issued in Brussels denied that there had been any meeting with British ministers to discuss difficulties confronting the Community's iron and steel industries. "All speculation about possible secret deals is therefore without foundation," the statement said.

The commission's statement recalled that last month's decision in the steel sector was no further than to step up its gathering of information and to ensure that companies obeyed the strict price rules laid down in the Paris coal and steel treaty. "There is no link whatsoever between the referendum and the non-application of measures permitted under article 58 of the coal and steel treaty."

Article 58 would allow the commission to introduce production quotas and price controls in the event of a "crisis" in the coal and steel industries. Mr Callaghan, Secretary of State for Foreign and Commonwealth Affairs, yesterday entered the dispute over the amount of control the EEC will have over British steel.

He accused for his office to issue the following denial: "There has been no pressure from the commission to make cuts in manpower in the British steel industry. The commission has no power to order a cut in production."

Under article 58 of the European Coal and Steel Community Treaty only the Ministerial Council can decide on a system of production quotas. No British minister would agree to any decision which would damage the interests of the British steel industry.

The suggestion that British ministers have been in secret contact to push up the problem until after the referendum has no foundation whatever. The British Steel Corporation's proposals for cuts in manpower, which the Government have viewed with deep concern, were put forward in the light of their own assessment of the industry's position.

Community efficiency: Steel production in the six founder states of the Community had been for more efficiently managed and had grown far more in output than in the United Kingdom. Mr Thorpe, leader of the Liberal Party, said in Swansea last night: "Our Political Correspondent writes."

Mr Thorpe said that as a result of cooperation within the coal and steel community the member countries had been able to construct new integrated plants.

1. Between 1965 and 1973, investment in the steel industry increased in the Community (of the Six) by 78.4 per cent, as against 13.4 per cent in the United Kingdom.

2. Between 1960 and 1974, crude steel production in the Six increased by 61.5 per cent, compared with 7.7 per cent in the United Kingdom, disregarding 1974, which was a particularly bad year for Britain.

3. Steel consumption a head, which had been 18 per cent higher in the United Kingdom than in the Six, was 45 per cent up in the Six by 1972, but virtually unchanged in the United Kingdom.

"With this kind of competition from Europe," Mr Thorpe asked, "how does Mr Foot envisage us selling our steel abroad outside the Community, even if, without outdated equipment, we reach the British Steel Corporation's output target of 37 million tonnes a year by the 1980s?"

Mr Benn is accused of 'bending facts'

By Our Political Correspondent

Sir Keith Joseph, Opposition spokesman on policy, said at Commons dinner last night: "It was unworthy of the debate about steel and the EEC that facts were distorted by Mr Benn."

He said: "Whether deliberately or not, Mr Benn has been bending, or perhaps I should say 'bending' some facts. I Benn says he is powerless to prevent the commission from ordering cuts in British steel production. The fact is that steel cuts can only be made with the agreement of the Council of Ministers, which includes a British minister."

"Mr Benn says we have to control our laws and tax. The fact is that no new law can be imposed on us without the agreement of a British minister."

On the other side of the referendum argument, Mr Christopher Paine, Conservative spokesman on the EEC, said at Tunbridge Wells that Mr Eldon Griffiths, a member of the Conservative Party, had said: "The fact is that the EEC, which is a massive run on the pound, is now near to a collapse of the pound which is in no small measure due to the criminally irresponsible utterances of persons such as these."

He accused EEC support of undermining world confidence in Britain and attributing the run on the pound to "fact that Britain is powerful to take any drastic emergency action that conflicts with E membership."



Minister accused: Mr Paine, Minister of Agriculture, Fisheries and Food, was accused yesterday of telling an untruth in saying that there could be no more cheap food from overseas. The allegation came from Mr Tom Weir (above right), secretary-general of the New Zealand Anti-Common Market Association. With him at a Ger Britain Out campaign press conference in London are Mr Rufus Dawe (left), a New Zealand economist, and Mr Christopher Paine, chairman of Ger Britain Out. Mr W. said: "No one can touch us for the production of dairy products. We can give you competitor prices far better than can be offered from rules across the Channel." New Zealand is not cheaper in the present circumstances imposed by the EEC. The Ministry of Agriculture last night denied Mr Weir's assertion.

Plan for Leyland 'would be frustrated by withdrawal'

The Government's plan for rescuing Leyland would be frustrated if Britain were to leave the EEC, Mr George Thomson, a member of the EEC Commission for Regional Affairs, said yesterday.

In a message to the Labour Campaign for Europe, he said it was a fiction to assert that the Commission had secret plans to veto the proposals for British Leyland, or for dealing with the future of the steel industry. He added:

"Indeed it is the Government's own plan for rescuing British Leyland which would be frustrated if Britain were to pull out. A major premise of the Ryder report is that British Leyland must share the key European market. For example, the aim is for British Leyland to export 5 per cent of its production to the Community market. But if Britain came out of the Community it would face a tariff of 22 per cent instead of tariff-free entry. Even if some kind of free trade agreement were negotiated, it would face other restrictions."

and the need to comply with Community decisions about the level of government help—in which Britain would have had no say. What the anti-Marketters ignore is that it is in the best interest of British workers that we should agree rules about subsidies with our Community neighbours. The treaty already makes it clear that governments have every right to protect their industries and to take vigorous action to help regions and industries in difficulty. But it does provide a watchdog to protect against mutually destructive subsidizing of exports.

I cannot imagine anything worse for British Leyland than the outbreak in Europe of a mutual subsidy war in the car industry in which the vast greater resources of the Governments of West Germany and France and the comparable resources of Italy were used to boost exports of Volkswagens, Renaults or Fiat at Britain's expense.

When it comes to British Leyland and Europe the anti-Marketters are like a manager of a boxer who insists on his man taking on an opponent who is heavier and fitter, with one hand tied behind his back and without any rules.

Liberals foresee curb on multinationals

The Liberal Party yesterday launched its "Manifesto Europe" which contains new strands of policy. It is the instrument necessary for controlling multinational corporations in Europe whose resources are so vast that they are a major national government to deal with.

In particular we want to see following proposals established: controlling the multinationals; supervision of internal transfers and licence fees; resea into the flow of currency, capital and assets incidental to operation of multinational corporations; intensified action to curb restrictive practices of kind and to check monopoly and planning agreements between national governments and multinational subsidiaries.

The Liberals envisage a new Community agreements wages, and measures to protect workers against collective dismissal and the consequences of mergers, concentrations, restructuring.

Mr Crosland's concern at uncertainty

Mr Crosland, Secretary of State for the Environment, last night expressed his concern about the uncertainty that has arisen over Britain's future membership of the EEC. Addressing the annual dinner of the Federation of Civil Engineering Contractors in London he said:

"We now have to judge the case for staying in against a background that is infinitely more serious than any of the crises we have faced over the past 20 years. I am sure we can best face that crisis from within the EEC. The job of putting our crisis right is not to let anybody else's. In or out of the EEC, we must collectively stop paying ourselves incomes out of other countries' pockets."

Mr Crosland asked whether anyone could doubt that a decision to withdraw would add enormously to the economic uncertainties.

We cannot know what new trading arrangements, if any, we would be able to make with the EEC, and it would take a long time for these to be negotiated. So, for some considerable time to come, our industry would have no secure base from which to plan the expansion of investments and exports we so badly need. Given time, industry could no doubt make the necessary adjustments; but it is a community who are not to be taken for granted. We should have to write off what has already been invested in an EEC future for Britain, without the time to build an adequate substitute.

Mr Eldon Griffiths, Conservative spokesman on Europe, speaking at a House of Commons luncheon yesterday, said the possibility that Britain might say "No" to Europe lay behind much of the present lack of confidence in sterling.

Mr Ronald Bell, Conservative MP for Beaconsfield, said at Wells:

"Eurocrisis is typically a disease of leading politicians who, having lost touch with reality, are persuaded a mass electorate not to exit the seed-corn, are attracted by the prospect of removing awkward economic issues to institutions in Brussels which are better known."

sted from democratic pressure Mr Neil Marten, Conservative MP for Banbury and chair of the National Referendum Campaign, said at Tunbridge Wells that Mrs Williams, Secretary of State for Prices & Consumer Protection, had opponents of the EEC believe in a siege economy. She clearly has never bothered to study the anti-Market case. I anti-Marketters want to get away from the restrictions of the Common Market; they want Britain get out into the world.

Mr Prentice, Secretary of State for Education and Science speaking at Ealing, said: "debate had largely become argument between political moderates who wanted to stay in, and extremists who did not. Who are the extremists who lead us out of the Market? Who are two honourable exceptions: they belong to the way-out fringe of the EEC group, the Communist Party, the People's National Front. Whatever the theoretical differences, they all living in the past."

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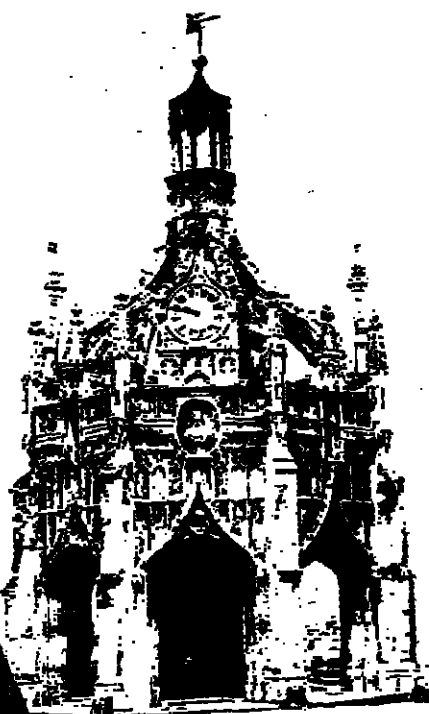
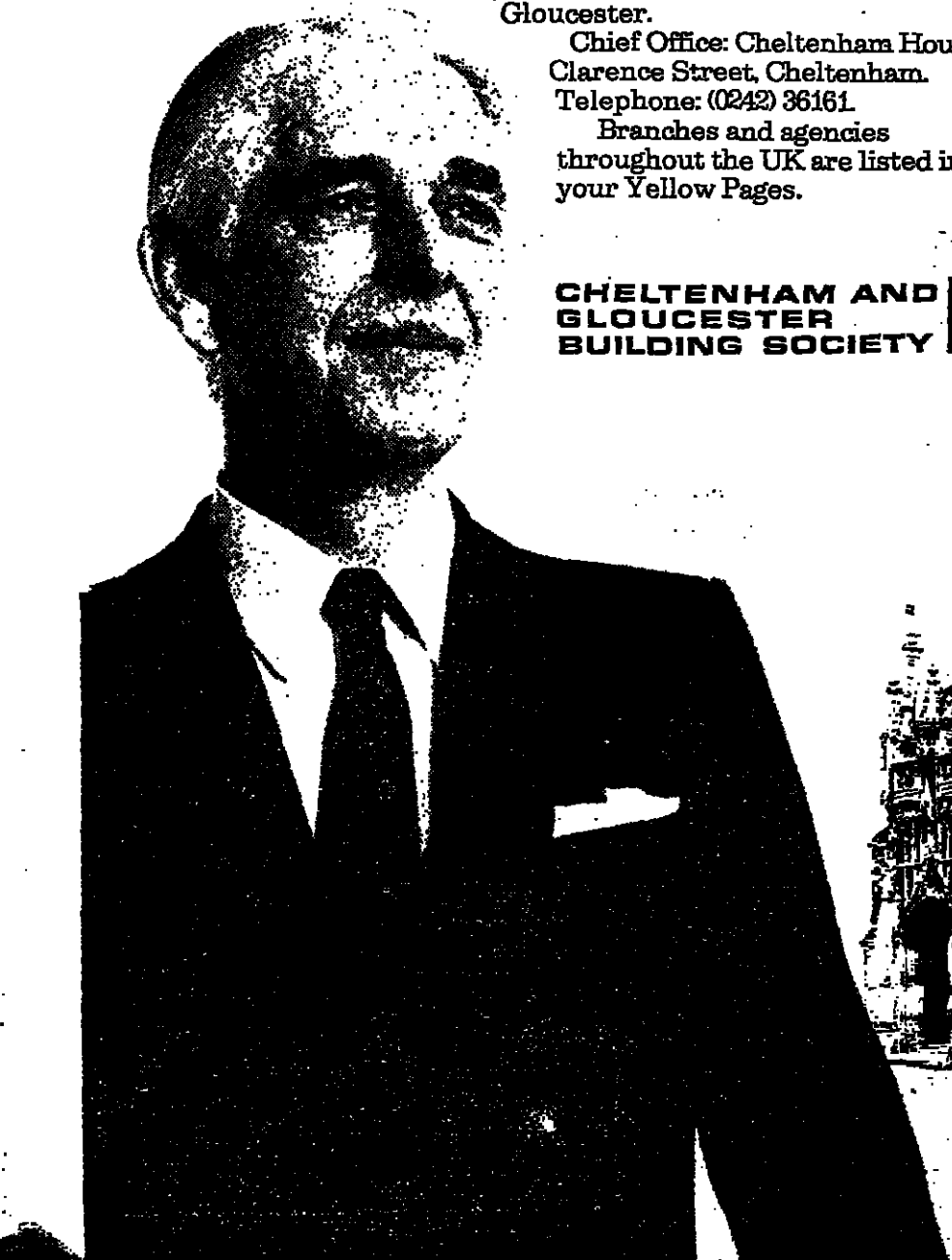
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WEST EUROPE

Chinese leader has frank talk with President Giscard

om Charles Hargrove, Paris, May 13. Mr. Teng Hsiao-ping, the Chinese First Deputy Prime Minister, had the first of his talks with President Giscard d'Estaing today at the Elysée Palace, which was flying a red flag for the occasion. Mr. Giscard, the President, the Foreign Minister, and Mr. Chiao Chuan-hua, his Chinese counterpart, were also present. The meeting was held in the room usually reserved for the weekly session of the Cabinet. The full Chinese delegation was sitting on one side of the large oval table on which two Tang vases had been placed. Asked by reporters about the timing by the Khmer Rouge forces of an American merchant ship yesterday, Mr. Teng replied: "China will not be able to do anything."

To a question about Chinese relations with the United States, he replied: "You are journalists. You have more recent news than I."

About his meeting with the President he said: "We had a very frank conversation on the international problems which interest us. This will continue. We had discussed European unity and Indo-China."

Little has leaked on the subject of the talks, which lasted about one and a half hours. But one indication of what is in the minds of the Chinese delegation was pro-

vided by the toast of Mr. Teng at the state dinner given for him by M. Chirac, the Prime Minister, at the Quai d'Orsay last night.

"We fully appreciate your stand and wish you more success in the cause of defending your national independence and reinforcing the union of Europe," Mr. Teng said. "The future prospects of Sino-French relations inspire us with great confidence, for China and France both persist in defending and maintaining their independence, and do not allow others to dictate to them or push them around."

In spite of their different social systems, neither tries to impose its standpoint on the other, still less to resort to force or to open threats against the other."

Mr. Teng found the world situation encouraging. Without mentioning either the United States or Russia, he rejoined in the struggle of many countries against the super powers which, "overwhelmed with difficulties inside and out, lead an increasingly difficult existence. Many facts prove that a small country persevering in its just struggle can win against a super power which is guilty of aggression against it. This trend will go on increasing."

He condemned the rivalry of the super powers, notably in Europe.



Mr. Teng Hsiao-ping (centre), the Chinese First Deputy Prime Minister, is shown round the chateau de Versailles by M. Giscard d'Estaing, its chief curator, yesterday.

British and French farmers in joint protest

From Michael Hornsby, Brussels, May 13. Representatives of British and French poultry farmers, backed by their West German and Italian colleagues, today walked out of talks with the European Commission in protest at the organization's alleged failure to deal with what they described as the "extreme crisis" facing the industry.

This sudden show of Anglo-French solidarity comes in the midst of the "egg war" which led to the breaking up of a lorry-load of imported French eggs in Devon last week.

At a press conference, Mr. Don Avery, the chairman of the National Farmers' Union, and M. Pierre Fauconnier, the vice-president of the French farmers' organization, said that they wanted to see "positive and immediate action" by the Commission.

Supply was at present outstripping demand by 4 per cent, and the quickest way to deal with this situation, Mr. Avery said, was to subsidize the early slaughter of hens. The killing off of a million birds would reduce by four million the number of eggs reaching the market each week.

Mr. Avery and M. Fauconnier called on the Commission to make funds available from the common agricultural fund to help finance such an operation.

The poultry men also wanted the Community to subsidize longer-term production controls and to offer better financial incentives for the export of eggs to non-EEC countries. At present bigger domestic consumption is almost the only outlet for higher production.

Mr. Avery added that he was "deeply disappointed" that Mr. Pearl, the British Minister of Agriculture, had not taken up the question of the egg surplus at the April meeting of agriculture ministers in Brussels. "Maximum pressure" would be applied to see that it was tackled later this month in Luxembourg, he stated.

OVERSEAS

Europeans rescued from Pacific island riot town as police win battle of the barricades

Kieta, Bougainville Island, May 13.—Busloads of European men, women and children were today evacuated from the embattled copper mining town of Panguna as police smashed through strikers' barricades in clouds of tear gas.

More than 500 Europeans were rescued from the mountain town which had been held by a thousand rioting copper workers since last night.

Evacuation started this morning when 200 Bougainville police, backed by baton-wielding riot squads from the Papua-New Guinea capital of Port Moresby and New Britain Island, assaulted the strikers' barbed wire and boulder barricades, as police helicopters flew overhead.

The attack went on for several hours and there was a counter-attack of stone throwing before the strikers withdrew.

It appeared tonight that the strikers, all Papua-New Guineans who are seeking better pay and conditions, may have retired only temporarily. An official of Bougainville Copper Proprietary Ltd said there was little guarantee that the situation would stay quiet.

The rioters had almost cut off the town of Panguna. Bougainville Island is in the Solomons group in the Pacific.

Women and children and non-essential staff spent several hours in the burning sun at a pre-arranged pick-up point, waiting for the copper company's buses to get through.

The miners apparently went on a rampage of destruction. The first people to enter Panguna after today's battle estimated the damage at \$500,000.

Lorries and cars had been tipped into rivers and the main sports complex had been bulldozed. Few windows and prefabricated walls remained intact.

A company statement said it could give no indication when operations at the \$230m mine, completed three years ago, could be resumed. Government officials imposed a liquor ban on the island in an attempt to stop the trouble spreading.

The evacuees were driven 17 miles to the coastal town of Arawa where they were billeted in private homes, community centres and schools.

Company officials, putting lost production at \$300,000 a day, said that "discipline broke down" shortly after a workers' demonstration yesterday afternoon.

"Riot activities throughout the disorder were directed only at malicious property damage and no incidents of personal attacks have been reported", it was said.—Reuter.

Ship's captain held after huge rugs haul

om Our Own Correspondent, Hamburg, May 13. A Hamburg judge today ordered the detention of the ship's captain and the Arab captain of the Lebanese cargo ship Baabda after the police had seized the largest consignment of drugs ever found in Germany.

The Baabda had been trailed some time by West German investigators acting on a tip-off. When this was noticed from the ship, the consignment of 732lb of hashish was thrown into the Elbe. By today, the police had recovered more than 2500lb of the drug from the sea.

The ship was searched when put into Hamburg on Sunday. The captain, the boatswain and seven seamen were arrested. The seamen were today released, forbidden to leave the ship. It remained in West German waters.

The ship's office and customs papers were moved in a warehouse, and had seen a converted ding boat making contact with the ship.

French computer plan brings doubts

From Our Own Correspondent, Paris, May 13. France's decision to opt for an American, rather than a European, solution to the problems of its computer industry, was questioned today by M. Michel d'Ornano, Minister of Industry and Research, today brought the inevitable political backlash.

As the Elysée Palace brought up fresh arguments to justify President Giscard d'Estaing's

choice, for after months of Government wavering there is no doubt he decided the final outcome, M. Michel Barré, president of the French Compagnie Internationale pour l'Informatique (CII), which is now to be merged with Honeywell Bull, handed in his resignation.

He did so at a meeting of the French computer firm's board as outside its Rocquencourt headquarters, near Paris, about 2,000 staff staged a demonstra-

tion against the Government's plan.

M. Barré made no public statement, but the significance of his resignation lies in the preference he felt for a European solution, for more links than the loose existing cooperation arrangement with Siemens of West Germany and Philips of Holland, which CII had under the Unidata Agreement of July, 1973.

Business News, page 21

Madrid agog with rumour but Gen Franco survives

From Our Correspondent, Madrid, May 13. The octogenarian General Franco survived another spate of death rumours in Madrid today but political and diplomatic circles remained in a nervous state over tensions in the country.

Another report, which could not have been better calculated to increase tension, told how a Basque priest lay near death in Bilbao today, suffering from serious kidney injuries after several days of poisoning by the Franco political police during the state of emergency in the Basque region.

From the Sahara came more disturbing news. Two native patrol units in the phosphate-rich Spanish colony of territory of the Sahara were captured by desert guerrillas of the leftist, Libyan-orientated Saharan Liberation Front, along with their highly trained Spanish officers and non-commissioned officers.

To make matters worse, according to Libyan radio reports, the two "territorial police units" may not have been exactly captured. "Sold out" might be a more appropriate phrase, for, according to the Libyans, two-thirds of their number decided to switch sides.

Whatever the full details, a United Nations fact-finding committee is now interviewing people about the dispute over the territory between Spain and Morocco.

Times' report criticized

From Our Correspondent, London, May 13. Publication of information in the Times on Soviet aid to the Portuguese Communist Party is favourable to the revolution, that is under way, according to a party spokesman in London.

The information was given by Jan Sejna, a Czechoslovak major general, who phoned to the West in 1968. He is now in Washington.

The information published "within the imperialist press" against our country against our party in particular, the Communist spokesman told the evening paper Capital.

1 Giscard tries to calm storm over VE Day

From Our Correspondent, Paris, May 13. President Giscard d'Estaing today tried to calm the storm of protest provoked by his decision to abolish May 8 VE Day ceremonies. The Government, according to Palace sources, is thinking of instituting a single commemoration of all French heroes, probably on November 11, the abolition of the May 8 observation involves the official aspect. It does not prevent private associations of ex-servicemen or members of the Resistance from celebrating a "feast day of hope" which he has in mind warmly welcomed by French school children. He was in Paris last week for the twenty-fifth anniversary of the coal and steel Community. The President hopes the day will be jointly celebrated as a symbol of unity in celebration with France's

University of Paris unable to pay its bills

From Our Own Correspondent, Paris, May 13. One of the Paris universities today told the Government that it was bankrupt and had no money to pay its gas, water, and electricity bills.

Led by the vice-chancellor, a delegation from the governing council of the Pierre and Marie Curie University, also known as Paris VI, one of the universities formed from the old Sorbonne, called on M. Jean-Pierre Soisson, State Secretary for Higher Education, to request special assistance to offset a deficit of 16m francs (about £1.7m).

Students were told yesterday that although this year's budget had not taken account of inflation, the university council was refusing Government suggestions to reduce its deficit by cutting down on teaching and research activities. Of its budget 32 per cent was now taken up by payments to staff. Apparently M. Soisson was unable to promise any extra aid

Varrant for shopkeepers' leader

Richard Wigg, Paris, May 13. A warrant for the arrest of Gerard Nicoud, the turbulent leader of the small shopkeepers' movement, issued today after the manning yesterday of an action of taxes by militants of the French National Shopkeepers' Association.

Nicoud disappeared after today's leading. He broke into an inspector's office at Boulogne in the Isère department, near France. The inspector was assaulted after he refused to reduce certain shopkeepers' taxes on the spot. He disappeared.

Nicoud said in a statement that the action was "a return to the streets" because M. Pourcade, the Minister of Finance, had shown himself not amenable to shopkeepers' pleas.

Tax inspectors throughout the department announced today that they, and their staffs, were closing their offices for a week in protest at the assault.

These members of the "commando" unit, headed by a butcher, were arrested yesterday. They have been charged. The Isère tax inspectors today challenged them to tell the public what amounts to taxes they were due to pay.

The incident comes just as the national tax authorities have stated that small businessmen, according to their surveys, pay the least taxes of all in the several groups in relation to their visible standard of living.

The inspector who was man-handled was only recently appointed to his district and some shopkeepers claimed that he had doubled or tripled tax demands compared with previous years.

The National Shopkeepers' Association today issued a statement expressing solidarity with M. Nicoud and accusing the Government of seeking a battle over taxes with a sector least able to defend itself, the small shopkeepers.

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Willkommen in Baden-Baden. This year, British visitors are especially welcome in Baden-Baden, Germany's most elegant spa. Just the place to relax in style after an arduous business trip. Among other attractions, British visitors have free access to the Casino, a complimentary ticket to a concert, a free recuperative treatment at the famous Augustabad Spa Centre.

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OVERSEAS

Church dossier aimed at breaking down silence about 'horrific events' in Rhodesia

From Our Correspondent Salisbury, May 13

Mr Lamont, President of the Catholic Commission of Justice and Peace in Rhodesia, says the publication of a new dossier of allegations of brutality by Rhodesian security forces against tribesmen in the troubled areas could help what he described as the explosive situation in Rhodesia.

In an interview circulated by the Commission, Mr Lamont, Roman Catholic Bishop of Umtali, said he hoped the new dossier would have more effect than the one compiled by the Commission last year and would break down the "enormous silence about the horrifying things" happening in Rhodesia.

The dossier would also inform the Commission last year and would break down the "enormous silence about the horrifying things" happening in Rhodesia.

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whelming majority of the governed.

It is understood that about 750 copies of the report were printed and circulated in Rhodesia and overseas. The timing of its publication appears to have been deliberately set to embarrass the Government, coming as it does when Salisbury is anxious to reach a political agreement with black nationalists. Mr Lamont is extremely unpopular with the majority of whites in Rhodesia, as well as the Government, and his latest pronouncements would, in other times, tempt the Government to consider deportation. But this is now unlikely in the same way that the Government is just as certain to ignore possibly seditious statements made recently in America and the West Indies by Bishop Abel Muzorewa of the African National Council (ANC).

An ANC delegation is likely to meet Mr Smith, the Prime Minister, later this week to clear the way for talks between Mr Smith and Bishop Muzorewa when he returns from abroad. Dr Gabellah, ANC vice-president, today accused Mr Smith of mounting a campaign against the settlement of the problem. The ANC wanted a common electoral roll and had never ceased to protest against the present dual roll system, he said. It was introduced for the benefit of the white voter.

Mr Smith said he would never negotiate in public, yet he is doing just that, said Dr Gabellah. He told the public that his government would never give in to black demands for majority rule. "So what is

left for anyone to do around a conference table?

Asked if by this remark he felt that a conference or the continuation of talks would be useless, Dr Gabellah said: "No, I don't say that. Something might change."

The official rebuttal Mr Smith's statement in a BBC television interview on Monday that he, and Bishop Muzorewa, had said that a common vote would not be in the interests of the blacks. A common roll was a non-negotiable priority, he said.

Salisbury, May 13.—Some parliamentarians in Mr Smith's Rhodesian Front Party are showing open opposition to the current trend in efforts to achieve détente in southern Africa.

Mr John Newington, a Bulawayo MP and deputy speaker of the House of Assembly, told a political meeting last night: "No détente is worth economic and racial destruction."

In an oblique attack on South Africa, he said: "If those elsewhere whom we are also protecting, and for whom our young men are dying, desire us to continue to hold back the tide of their survival, then détente stops right there for me and for those I represent."

"We are being played by a bunch of terrorist bullies and the Government acts as though the African National Council is the only representative of the African people."

Mr Dennis Fawcett Phillips, MP for Hillside, told another meeting there was a limit beyond which the Government could not go and the limit had been reached.—Reuter.

Mr Vorster in first S Africa TV appearance

Johannesburg, May 13.—Mr Vorster, the South Africa Prime Minister, said today South Africa's three main aims were to end the escalation of violence, normalise relations with African countries and stimulate development in Africa.

Appearing for the first time on South African television, the Prime Minister, speaking in Afrikaans, said that in the past six months, South Africa had laid solid foundations in improving relations with Africa and the free world. He was satisfied with the progress achieved.

South Africa's greatest victory in the past six months, he said, had been the realization of friend and foe that the country was an African state in the same sense of the word as any other African country.

Mr Vorster said the republic wanted normal relations with black Africa but was not prepared to change the country's apartheid policies.

He said black African states would have to accept normalised relations with the republic on the basis of its existing internal policies. "We are not prepared to have another policy forced on us from outside. This would be unacceptable to any government," he said.—Reuter and UPI.

Police officer charged in Hongkong

Hongkong, May 13.—Police Superintendent Roy Sturgeon, head of the Hongkong prevention of crime office, was arrested today by officers from the Independent Commission Against Corruption, a Government spokesman said.

He was charged in a Hongkong court today with an offence under the Prevention of Bribery Ordinance and remanded for a fortnight on bail of 20,000 Hongkong dollars (£1,800).

Mr Sturgeon was the fourth senior expatriate police officer to be arrested by the ICAC.—Reuter.

Yugoslavia says Austria is tolerating Nazism

Belgrade, May 13.—Yugoslavia today accused neighbouring Austria of failing to fulfil its obligations under the treaty which formally restored Austrian independence 20 years ago.

It said Austria was tolerating Nazi activities hostile to Yugoslavia, had not respected the rights of Yugoslav minorities in Austria and had failed to return treasures plundered from Yugoslavia by the Nazis in the Second World War.

The Government statement was issued to mark the anniversary of the treaty, signed on May 15, 1955, by Britain, the United States, Russia and France.

It warned Austria that it was prejudicial to only relations with Yugoslavia but also progress towards European cooperation. Expressing "grave concern over such a situation", the statement said Austria had been told several times that failure to meet its treaty obligations disturbed mutual relations.



Naval watch: Sailors from two Soviet warships visiting Boston watching American girls go by.

US warship draws crowd of Russians

Leningrad, May 13.—Thousands of Russian sightseers flocked to get on board a visiting American warship here today and Soviet sailors had to link arms to hold back the crowd.

American Navy officers estimated that some 2,500 visitors poured up the gangplank of the

guided missile frigate Leahy within 90 minutes of its opening to the public. Another 2,500 queued on the pier, being allowed on board in groups of 100 to 150.

As Soviet police with loudhailers tried to bring order to the pier, officers said the torrent of visitors surprised them.

The Leahy and the guided missile destroyer Tarnall are visiting Leningrad, while two Soviet destroyers are in Boston on a five-day exchange visit to mark the thirtieth anniversary of the allied victory in Europe.—UPI.

Lord Thomson begins second visit to China

From Our Own Correspondent Canton, March 13

Lord Thomson of Fleet arrived here today for his second visit to China.

Lord Thomson, who is travelling with his daughter and granddaughter, will attend the closing session of the Canton trade fair and then have a week's holiday at a hot springs resort near the city.

His previous visit to China was in 1972, when he had a three-hour meeting with Mr Chou En-lai, the Prime Minister.

Many West Bank Arabs arrested as precaution

From Our Own Correspondent Jerusalem, May 13

Large numbers of Arabs have been arrested in the West Bank and Gaza in the past week, many as a precautionary measure with the approach of May 15, when terrorist organizations usually try to make raids and hold demonstrations on the anniversary of Israel's statehood, and the Palestinian loss of part of their homeland in 1948.

The numbers held have not been disclosed; but some of the arrests are believed to be connected with specific acts of terrorism, including the sabotage of a train near Jerusalem, the blowing up of an empty bus in Ramallah and attempts to explode bombs in blocks of flats.

Apart from a relatively small number in East Jerusalem and Bethlehem, most of the arrests were in Nablus, Jenin, Ramallah and other towns of Samaria, the northern part of the West Bank. In Gaza, dozens of arrests are reported to have been made for plotting sabotage against Israel.

There have been no major cases of terrorism in Gaza for three years, but an average of 40 preventive arrests are made every month—an indication of the increased activity by agents of the guerrilla organization in the crowded refugee camps. Partly because of this, the establishment of Jewish settlements in the Gaza area dividing the Gaza strip from Sinai is being accelerated.

Six new settlements are to be built there in the next few years. These are regarded as vital to act as a buffer from Sinai and prevent the smuggling of arms from the large hidden caches in the desert.

Agitation for speedier Jewish settlement partly responsible for Arab unrest in the West Bank, Leftists denouncing Israel "expansionism" have been circulating in the West Bank.

Our Tel Aviv Correspondent writes: Mr Shimon Peres, the Minister of Defence, said today that the Jordanians, in a puzzling move, have advanced forces including tanks to the plain and foothills on the East Bank of the Jordan river.

During a tour of Israeli settlements on the occupied West Bank, the Minister said the move was "untypical" of the Jordanians and appeared to be connected with the recent "flirt" with Syria.

Beirut, May 13.—An Israeli force infiltrated the southern Lebanese border village of Aitoun today, kidnapped three villagers and damaged a house before withdrawing, a military spokesman in Beirut said.

The Israelis today released four of nine villagers, who were captured in the village of Aitoun, south Lebanese settlements and taken across the border. Another was released yesterday, leaving four still held in Israel tonight.

Mrs Fedda Fayez, a woman released today, said she had been continually questioned about the activities of Palestinian guerrillas and had not slept for 24 hours.—Reuter and Agence France Presse.

Syria closes its airspace to Iraq in dispute

Damascus, May 13.—The dispute between Syria and Iraq intensified today as Damascus closed its airspace to Iraqi aircraft and ordered its own aircraft not to fly over the neighbouring country.

The Transport Ministry here said the move was made in protest against the barbaric and inhuman treatment accorded to employees—both Syrian and Iraqi—at the Syrian Arab Airlines office in Baghdad.

Major-General Mustafa Tlas, the Syrian Defence Minister, said last night that by agreement the move was made up of "fascists". Three days ago, Syria closed its airline office in Baghdad and recalled the staff.

Asians preparing for politics without war

From Our Correspondent Kuala Lumpur, May 13

Five South-East Asian nations today began three days of consultations about the task of coping with a region at peace for the first time in 50 years. There was no doubt left in the opening speeches that peace is a fragile business.

The countries represented are Thailand, Malaysia, Singapore, Indonesia and the Philippines. The ministerial conference planned long before communist Governments took over in South Vietnam and Cambodia, is an annual event for the Association of South-East Asian Nations (ASEAN).

All five said that the region, now divided into communist and non-communist states, had to decide whether to live in amity or in a spirit of confrontation. All were optimistic the amity could be made to prevail.

Tun Abdul Razak, the Malaysian Prime Minister, said the region was on the threshold of exciting possibilities. He hoped that the Government of Indonesia would join others in the region to build a strong foundation for cooperation and lasting peace.

Mr Adam Malik, Indonesia's Foreign Minister, said that while adjustment was appropriate, "it should not be inspired by negative notions of fear or uncertainty or of perceived 'vacuums' in power relationships". He proposed instead a framework of relationships based on the Bandung principles of peaceful coexistence, non-interference and territorial integrity, equality and justice.

Mr Carlos Romulo, the Foreign Minister of the Philippines, declared that the greatest danger facing south-east Asia was not external aggression but subversion and ASEAN's most immediate problem was relations with Indo-

China. "The Philippines feels," he said, "that the time has come to examine all the options open to us, as a region, to ensure our security."

Major-General Chatichai Choonavan, the Foreign Minister of Thailand, spoke in similar vein, emphasizing the disastrous results of earlier conflicts between Thailand, Vietnam and Cambodia. It south-east Asians were left to their own devices, he added, natural balance would be struck.

Mr Siamthab Rajaratnam, the Foreign Minister of Singapore, said it would be wrong to assume that the United States was withdrawing from Asia. Rather ASEAN countries should try to influence the re-assessment now progressing in America. He also cautioned ASEAN countries not to give the impression that they were hostile to or disoriented by the emergence of communist governments in Indo-China.

The ministers met privately this afternoon; and they met again in private tomorrow. Mr Romulo's correspondence was that the United States intelligence authorities in Hongkong and in Pearl Harbor were with gulf satisfaction the Singapore and Indonesia had drafted a joint strategic plan for joint operations to prevent an expected increase in arms smuggling by communist insurgents in south-east Asia.

Singapore and Indonesia as the most suspicious of the reluctant members of ASEAN. Their suspicion that the area is a great expected landing of weapons on the shores of Borneo and Indonesia.

Malaysia has not yet joined the precautionary move because supplies of arms for its divide but military and communist insurgents arrive overland.

Laos communists decide to maintain coalition

From Bruce Palling Ventiane, May 13

As preparations continued today for the replacement of the three resigning ministers, who resigned from the Lao Government last week, there were indications that the pro-communist Pathet Lao wished to maintain the original structure of the coalition.

A senior official of the Pathet Lao said privately that they had no objection to the posts going to representatives of the Vietnamese side.

The 1973 peace agreement provides for the equal sharing of Cabinet posts between the three sides. The Pathet Lao has to be approved unanimously. The weekly Cabinet meeting is to take place tomorrow afternoon at the Vietnamese residence of Prince Souvanna Phouma, the Prime Minister. Several names have been considered already and according to reliable sources, they are acceptable to the Pathet Lao.

Prince Souvanna announced that General Khammoua Boupha, the Pathet Lao deputy Minister of Defence, is in command of the three sides of the Lao Government and the southern military region commanders.

Earlier, some units declared that they would no longer follow the Pathet Lao. The three sides military commands and asked to be placed under the direct command of the Prime Minister.

Many shops in Vietiane opened today in response to the announcement. The Vietiane side military commands and asked to be placed under the direct command of the Prime Minister.

The tension has now subsided, though Vietnamese Chinese and Indian merchants remain apprehensive and are to leave at a moment's notice.

In brief

Greece-Turkey talks in Rome

Greece and Turkey confirmed last night that foreign ministers will meet Rome this weekend.

One of the questions on the agenda will be both national appeal to the International Court of Justice for a decision on the disputed Aegean continental shelf.

Radio staffs cut

Munich, May 13.—T Munich-based American radio stations specializing in anti-communist broadcasts—Radio Free Europe and Radio Liberty—were cutting staff in West Germany and New York "financial reasons".

Press Institute chief

Zurich, May 13.—Mr Pe Gallier, aged 55, managing director of the British Publishing Corporation has been appointed director of International Press Institute succession to M Ernest Mey.

Britons found shot

Burnaby, British Columbia May 13.—Miss Edith Knight aged 75, from Plymouth, Devon and her 54-year-old daughter Mrs Lottie Elizabeth Gibb have been found shot dead the daughter's home here.

Two snakes in one

Salta, Argentina, May 13 An 18-inch snake, with 2 heads and two tails, was captured in the town of Salta today. One head eats its food, but the other does its function at all.

Hunger strike ends

Manila, May 13.—Mr Benito Aquino, a former senator and critic of President Marcos, ended his hunger strike tomorrow against the martial law Government after 40 days of fast in his wife said.

Brundage service

Garmisch-Partenkirchen, Germany, May 13.—International sports officials attend a memorial service here today for Avery Brundage, former Olympic Committee (IOC) president, who will be buried in Chicago Sunday.

22-storey plunge

Montreal, May 13.—Twenty window cleaners who fell 22 storeys on to a concrete road in a satisfactory condition in a Montreal hospital today have multiple fractures.

Israel fears effect of leak in US

Continued from page 1

in the Knesset that two former ministers were suspected of having leaked secret information to Mr Golan and that this was being investigated.

The official admission that highly secret information was in the book is a virtual confirmation of its authenticity. It is thought that the less damaging publicity might have resulted had the book been allowed to be published and its allegations denied in the traditional way.

The New York Times quoted "sources familiar with the manuscript" as saying that it contained the verbatim minutes of closed-door talks between Dr Kissinger, Mrs Golda Meir, the former Prime Minister, and members of her cabinet. The negotiations which led to the Israel-Egypt disengagement agreement in January, 1974, and the Israel-Syria agreement last June.

The minutes, taken by an Israeli stenographer and marked "secret", were leaked to Mr Golan, the report added.

Mr Golan, who writes for the newspaper Haaretz, submitted his book to the Government censor six weeks ago to obtain security clearance. He told Haaretz yesterday that the book's publication would harm the security of the state. On that day Mr Rabin summoned his cabinet to an extraordinary session and read out passages from the book to ministers.

Mr Rabin said that they would cause a major rupture with the United States. The Prime Minister was reported as saying that, if the book appeared, America would refuse to serve in future as a

mediator between Israel and the Arab states on the ground that its private communications could not be protected. It said ministers were in agreement with Mr Rabin, though no vote was taken.

Later on Wednesday Mr Rabin reported objection to the Knesset foreign affairs and security committee at a meeting also attended by the Attorney General, the chief Government censor—an army brigadier—and the head of military intelligence, Major-General Shlomo Gait.

He then went to Tel Aviv to meet the editors of Israel's leading newspapers, who accepted his reasons for the ban. The Haaretz editor, Mr Gershon Schocken, has expressed the view that Mr Rabin had made out a good case that Israel's best interests would be harmed by the book's publication.

Mr Schocken claimed, however, that the chief censor had said that the 12 points quoted in the book had been banned. But later that night an article on it was rejected by the censor. The chief censor explained to Mr Schocken that he had second thoughts.

On Thursday morning Mr Golan was ordered by the censor to hand over all his copies of the 300-page manuscript plus any notes or documents he had used. He complied 36 hours later after consulting a lawyer.

The book consists of six chapters and describes in detail the diplomatic manoeuvring over the American airlift of arms during the war of October, 1973 and the ceasefire in December 24, the first session of the

Geneva peace conference in December, 1973 and the subsequent negotiations leading to the two disengagement agreements.

The ban underlines the importance that Mr Rabin places on maintaining a working relationship with Dr Kissinger. The incident is an embarrassment to Mr Rabin at a time when he and his Government are anxiously awaiting the results of the American reassessment of its Middle East policy after the failure of Dr Kissinger's peace mission in March. Both President Ford and Dr Kissinger have been reported as blaming Israel for the failure, and the Secretary of State does not appear to have got over his anger with Israel, judging by weekend reports that he has circulated a document in Washington showing that Egypt made "12 concessions" to obtain an interim agreement and that Israel erred in refusing to accept them. (Israel sources deny that the 12 points quoted represent genuine concessions or broke any new ground.)

Another disquieting omen has been the last-minute hitch in the negotiations for an Israel-United States trade agreement, caused, it is reported, by Washington's demand for a watered-down clause relating to the Arab trade boycott.

It also coincides with a time of internal harassment for Mr Rabin from left-wing members of the Labour Party, a few of whom are threatening to break away and join a new leftist grouping in the Knesset. He is also under fire from the former Foreign Minister, Mr Abba Eban.

But there remain many obstacles to a complete return to normal. For although the armies are separated, the search for a settlement is in the doldrums. There are also the practical problems of trying to repopulate an area which has been a battleground. According to the United Nations, unexploded mines and bombs claimed 24 civilian casualties in the first three weeks after the Israelis pulled out. Even now, casualties occur almost every other day.

Polish engineering units of the United Nations force have been hard at work for five months clearing the area; they have blown up 217 mines, 49 artillery shells, 69 mortars, 74 plastic bombs and 9,000 other pieces of ammunition. But they maintain this is not even scratching the surface. "The place is one big bomb", a Polish officer says.

The Syrians are reluctant to clear the mines which form part of their defence lines in case war should again break out on the front. Their army, fully re-equipped by the Russians in the past 18 months and supplied with even more modern equipment, has been maintained in a high state of readiness.

Nevertheless, there is evidence that the Syrians are pushing ahead slowly with a programme of reconstruction. The important exception is Quneitra, the so-called Circassian capital of Golan which was the one territorial concession by the Israelis before the 1973 war.

Only a handful of people who

Kissinger mechanics of disengagement accord have worked, but there are reservations.

Peace fraught with danger on Israel-Syria front

From Paul Martin Golan Buffer Zone, May 13

"When United Nations troops began wedding themselves between the Israel and Syrian armies here a year ago, basic reference was a 1:100,000 scale map with felt-pen markings. The map, which was the fruit of Dr Henry Kissinger's peace-making mission, set out on the ground the mechanics of the Golan disengagement accord.

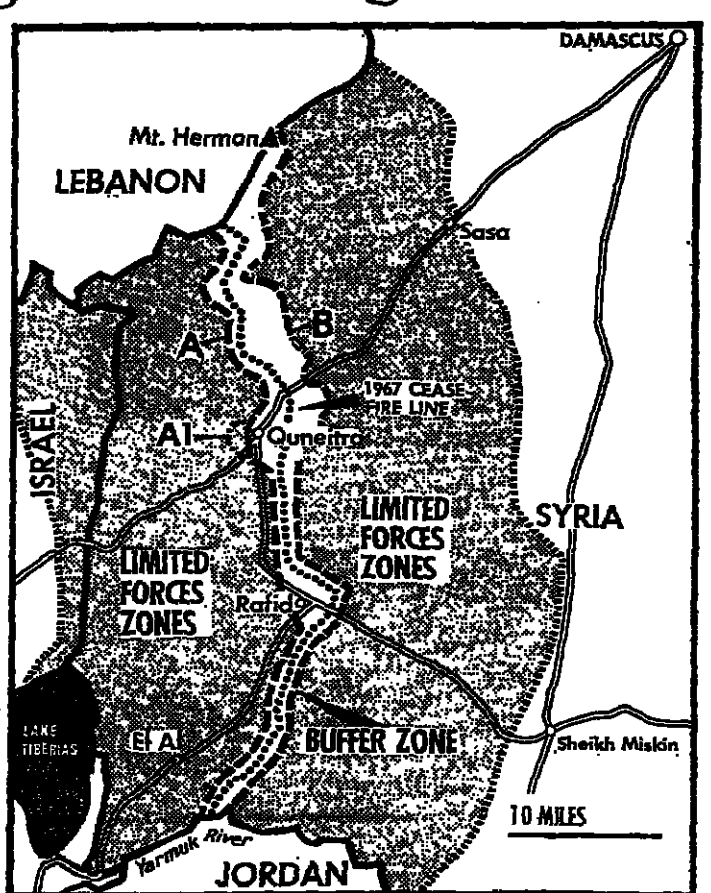
"It showed that Dr Kissinger the diplomat certainly was no military man", Lieutenant Colonel Hannes Phillip, the Austrian commander of the United Nations force, says laughingly. "To this day we still defining the lines. But the important thing is that it has worked, and the ceasefire between the two forces has been observed. It has proved that peace is possible."

But it is a peace fraught with dangers. There have been a number of alerts on both sides of the 50-mile front which remains the principal flashpoint in the Middle East conflict.

The United Nations mandate here, which is subject to periodic renewal, expires at the end of May. So far the Syrians have given no official word that they will extend it, although the first real hint came from Damascus this week that they would—but only for two more months.

Few understand the delicate balance between peace and war on the Golan front like the 1,250-man United Nations disengagement observation force (UNDOF). Their 50 or more fixed positions and observation posts mark the buffer zone between the two armies. A narrow strip, sometimes as little as 400 yards wide running south from Mount Hermon and north from the Yarmuk River, it broadens in the middle around the strategic town of Quneitra (about four miles wide).

Three zones of limited armament extend back from either side of the separation lines, which are set out on the map as the Israel Alpha Line and the



Syrian Bravo Line. Like its prototype in the Sinai, the disengagement formula in the Golan is an ingenious device to prise apart two hostile armies. It has succeeded in keeping the guns silent for the past year.

However, in the event of either side launching a surprise attack, its effect would be reduced at best to an early warning system for the international community. Sandwiched between two poised armies equipped with some of the world's most sophisticated hardware, the United Nations force

is armed with only rifles, pistols and mortars.

"If the tanks came rolling across the horizon their orders are to stay put and keep heads down", Colonel Phillip explains.

The buffer zone, like the Sassa salient vacated by the Israelis under the disengagement accord, is under Syrian civilian administration. No troops from either side are permitted there, although the Syrians are allowed to maintain the regular police force, armed with automatic weapons,

in each of the towns and villages.

From the slopes of Mount Hermon, snow-covered for three months of the year, to the Yarmuk, life is gradually getting back to normal in the Hawran Plain. In all the front-line villages in the buffer zone the Syrian administration has taken shape. Children pack the village schools while their peasant parents till the modest plots on the plain.

But there remain many obstacles to a complete return to normal. For although the armies are separated, the search for a settlement is in the doldrums. There are also the practical problems of trying to repopulate an area which has been a battleground. According to the United Nations, unexploded mines and bombs claimed 24 civilian casualties in the first three weeks after the Israelis pulled out. Even now, casualties occur almost every other day.

Polish engineering units of the United Nations force have been hard at work for five months clearing the area; they have blown up 217 mines, 49 artillery shells, 69 mortars, 74 plastic bombs and 9,000 other pieces of ammunition. But they maintain this is not even scratching the surface. "The place is one big bomb", a Polish officer says.

The Syrians are reluctant to clear the mines which form part of their defence lines in case war should again break out on the front. Their army, fully re-equipped by the Russians in the past 18 months and supplied with even more modern equipment, has been maintained in a high state of readiness.

Nevertheless, there is evidence that the Syrians are pushing ahead slowly with a programme of reconstruction. The important exception is Quneitra, the so-called Circassian capital of Golan which was the one territorial concession by the Israelis before the 1973 war.

Only a handful of people who

endured the war and the Israel occupation remain there. Although it is under Syrian civilian administration, the Syrians have refused to return Quneitra with plans to return Quneitra's former population of 50,000 or reconstruct buildings destroyed by the Israelis. They maintain that Israeli military positions dominating the town render it unsafe and that the land where the population lived remains under Israel occupation.

At the northern end of the buffer zone on one of the peaks of Mount Hermon, Austrian alpine troops maintain their rugged outposts. At the height of winter when the Biblical mountain was perpetually snowed, they were forced to abandon their observation post on the peak to a position 500 yards below, making daily patrols on skis and snow tractors.

Dominating the entire area is the Israel observation post on one of Hermon's south-eastern peaks. The post fell into Syrian hands in the early part of the October War and was retaken by the Israelis only in the closing hours of the war after fierce hand-to-hand fighting. It is stocked with sophisticated electronic equipment and commands an unobstructed view of the entire Golan and Hawran plains, enabling the Israelis to observe as far as Damascus.

This post, known as "Big Brother", exemplifies the vulnerability of the Syrian capital while Israel remains in control of the Golan Heights.

"It is not as if the Golan were some sort of Jerusalem to us", a Syrian Army officer on the front line comments. "But in whatever form we get it back, get it back we must."

The Israelis continue to express total determination to hold on to Golan.

And until a solution is found, this bleak graveyard of men, equipment and human potential could witness the first shots of another Middle East war.

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EAST SUSSEX—Heathfield

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Delightful 16th century farmhouse in superb secluded position overlooking the Rother valley. 3 reception rooms, 5 bedrooms, 2 bathrooms, oil-fired central heating, heated swimming pool, garaging and farm buildings, garden and paddock, about 5 acres.

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SAVILLS, London Office. Tel: 01-499 8644

SUSSEX—Turners Hill

East Grinstead 4 miles, Three Bridges Main Line station 5 miles, London 40 minutes.

Spacious village house occupying secluded position in the centre of the village overlooking the green. Some modernisation required to provide a delightful family home. 2 reception rooms, 4 bedrooms, bathroom, 2 attic bedrooms, part central heating. Double garage, walled and hedged garden.

1 acre. £32,500.
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SAVILLS, 20 Grosvenor Hill, London W1X 0HQ. Tel: 01-499 8644

SUSSEX—Between Turners Hill and Ardingly

Secluded position on the edge of a large private estate. Delightful old house of character with reception hall, 2 further reception rooms, breakfast room, 6/7 bedrooms, 2 bathrooms, part central heating. Thatched barn, stabling, and outbuildings, cottage, gardens and spinney and paddock. 3½ acres. £55,000.

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SAVILLS, London Office. Tel: 01-499 8644

ESSEX SUFFOLK NORFOLK

SOUTH-WEST NORFOLK

Norwich 10 miles.

Fine old Mill House in pleasant rural setting. 3 reception rooms, 5 bedrooms, 2 bathrooms, Granny flat with bathroom, oil-fired central heating. Garden and grounds with paddock and stabling. Planning consent for 2 homes on road frontage. River frontage. In all 3 acres.

SAVILLS, 8/10 Upper King Street, Norwich. Tel: (0603) 612211

NORFOLK

8 miles north of Norwich.

Fine Tudor Manor House in traditional parkland setting with long river frontage. 3 reception rooms, 7 bedrooms, 3 bathrooms, 3 attic bedrooms, oil-fired central heating. 3 bedrooms lodge cottage. Coach house with planning permission for conversion of first floor to flat and further outbuildings. Garden and grounds of approximately 17 acres. Offers in the region of £65,000 or a lower figure excluding the cottage or parkland.

SAVILLS, 8/10 Upper King Street, Norwich. Tel: (0603) 612211

ESSEX

Great Dunmow 3 miles, Bishop's Stortford 11 miles, Liverpool Street Station 38 mins.

Fine listed Georgian house in a secluded position formerly lived in by H. G. Wells. 4 reception rooms, 6 bedrooms, 2 bathrooms, self-contained staff wing, garaging for 4 cars. Attractive garden with swimming pool. Hard tennis court and 2 loose boxes. Paddocks and a Spinney. About 11½ acres.

SAVILLS, London Office. Tel: 01-499 8644

EDWIN WATSON & SON, Bishop's Stortford 52361

ESSEX—Fryerning House

Ingatestone 2½ miles, (Liverpool Street 35 minutes).

Lovely country house in a superb position. First class accommodation and beautiful grounds. 4 reception rooms, 7/8 bedrooms, 3 bathrooms, staff flat, gas central heating, garaging for 4 cars. Cottage (2nd cottage available), heated swimming pool, hard tennis court, very beautiful gardens, arboretum, paddock, mature mixed woodland. 18 acres. (Further land available).

SAVILLS, 136 London Road, Chelmsford, Essex. Tel: (0245) 69311

NORFOLK

Norwich 6 miles.

Substantial and most attractive late Georgian country house. 3 reception rooms, playroom, 5 bedrooms, dressing room, and 2 bathrooms. Large self-contained flat (hall and 5 rooms), oil-fired central heating, modernised staff cottage, extensive outbuildings, delightful garden and 10 acres of commercially grown strawberries and bulbs producing good income. About 19 acres.

SAVILLS, 8/10 Upper King Street, Norwich. Tel: (0603) 29121

NORTH-EAST SUFFOLK

Saxmundham 9 miles, Ipswich-Liverpool Street 75 minutes.

Exceptionally fine William and Mary house in a completely rural setting overlooking its own paddocks, described as one of the finest small listed country houses in Suffolk. 4 reception rooms, 5 bedrooms, bathroom, 4 loose boxes, easily maintained garden and 4 paddocks. About 7 acres.

SAVILLS, London Office. Tel: 01-499 8644

SOUTH NORFOLK

12 miles, Norwich.

Peacefully situated late Georgian Country residence. 4 reception rooms, 5 bedrooms, 3 bathrooms, oil-fired central heating. Self-contained flat. Modernised lodge cottage. Good outbuildings including garaging for 3 cars. Greenhouses, gardens and grounds of approximately 4½ acres. Further land may be made available by negotiation.

SAVILLS, 8/10 Upper King Street, Norwich. Tel: (0603) 612211

CENTRAL NORFOLK

14 miles, Norwich.

Impressive Georgian country house standing amidst open countryside. 4 reception rooms, playroom, 6 bedrooms, 2 bathrooms, part central heating. Self-contained staff flat. Modernised 3-bedroomed cottage. Garaging for 3 cars. Mature gardens and grounds of approximately 4 acres. Offers in the region of £90,000.

SAVILLS, 8/10 Upper King Street, Norwich. Tel: (0603) 28121



STRATTON PARK—HAMPSHIRE

Micheldever 1½ miles, Basingstoke 14 miles, London 58 miles.

Well known modern house built on the site of a 17th century mansion and featured in the Country Life. 3 reception rooms, playroom, conservatory, 8 bedrooms, dressing room, 5 bathrooms, central heating, original garage/stable block with 2 flats, heated swimming pool, beautiful timbered garden and grounds with hard tennis court and 2 paddocks. About 15 acres.

KNIGHT FRANK & RUTLEY, 20 Hanover Square, London W1P 0AH. Tel: 01-629 6171
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NAEY ET CIE, Rue de la Corderie 18, Geneva. Tel: Geneva 21.71.11

SAVILLS, London Office. Tel: 01-499 8644



BERKSHIRE—Sunninghill

Sunningdale station 1 mile, Waterloo 40 minutes, London 24 miles.

Well appointed fine family house surrounded by mature timbered garden. 3 reception rooms, billiard room, 5 bedrooms, 3 bathrooms, magnificent games room, self-contained staff flat, garaging for 2. Heated swimming pool. In all approximately 1.3 acres.

Offers in excess of £70,000.

CHANCELOES & CO., London Road, Sunninghill. Tel: (0290) 20165

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HERTFORDSHIRE—Harpden

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Beautifully appointed and maintained house in this quiet tree-lined avenue, undoubtedly one of the finest houses in Harpden. 3 reception rooms, excellent modern kitchen, 4 bedrooms, 2 bathrooms, gas-fired central heating, integral double garage, well kept garden. ½ acre.

SAVILLS, London Office. Tel: 01-499 8644

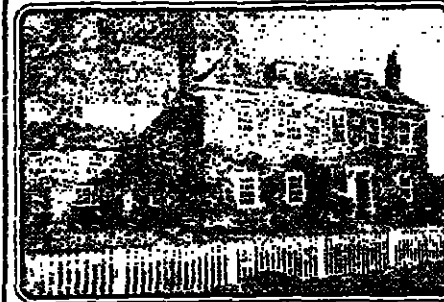
ESSEX—Chigwell

A magnificent house with superb accommodation and beautiful grounds, perhaps the finest house in the area. Lovely drawing room, dining room, study, fully fitted Wrighton kitchen, breakfast room, 5 bedrooms, 3 bathrooms, staff flat, 2 cottages, heated swimming pool, garaging for 4 cars, stabling for 12 horses. 25 acres grazing may be available. 4½ acres.

FREDERICK H. WORLEY, 203 High Street, Ongar, Essex. Tel: Ongar 2794

SAVILLS, 136 London Road, Chelmsford. Tel: (0245) 69311

HAMPSHIRE WILTSHIRE

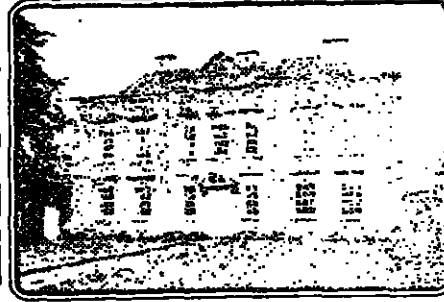


HAMPSHIRE—Itchen Valley

Winchester Station 3 miles, Waterloo 58 minutes.

Fine Queen Anne House in a quiet hamlet. 3 reception rooms, 4 principal bedrooms, 2 bathrooms, attic playroom, Anne's with living room, 2 bedrooms and bathroom, partial central heating. Garaging for 3. Stabling and other outbuildings, gardens and paddock. About 5 acres. Offers in the region of £75,000.

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WILTSHIRE—Beaufort Hunt

Wootton Bassett 1½ miles, M4 4 miles.

Delightful Queen Anne and earlier Manor house, exceptionally well modernised and equipped 3 reception rooms, playroom, 6 bedrooms, 3 bathrooms, oil-fired central heating. Coach house with garaging, stabling and permission for 1st above heated swimming pool, sauna, line gardens. About 2½ acres.

JOHN D. WOOD, 23 Berkeley Square, London W1X 6AL. Tel: 01-629 9650

SAVILLS, 20 Grosvenor Hill, London W1X 0HQ. Tel: 01-499 8644

WILTSHIRE—Bishopstone

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Outstanding Georgian country house with a delightful outlook down the Ebbel Valley. 3 reception rooms, 8 bedrooms, staff flat, oil-fired central heating, garages with 11st, stables, 3 cottages, gardens, paddocks and land. About 28½ acres.

SAVILLS, 21 Horse Fair, Banbury. Tel: (0295) 3535 and London Office. Tel: 01-499 8644

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Delightful family house in magnificent rural situation surrounded by its own paddocks and adjoining farmland with large drive approach off country lane. 4 reception rooms, conservatory, 6 bedrooms, 3 bathrooms, oil-fired central heating, stable block and 75ft barn, simple garden. 3 paddocks, 14½ acres.

SAVILLS, London Office. Tel: 01-499 8644

HAMPSHIRE

Small 18th century village house of great charm and character on the edge of a rural village between Alresford and Basingstoke. 2 reception rooms, 4 bedrooms, bathroom, 2 garages, both suitable for conversion. Delightful garden of about 1 acre. £38,500.

SAVILLS, London Office. Tel: 01-499 8644

HAMPSHIRE—Petersfield

21 acres

Petersfield 2 miles.

Lovely unspoilt country, close to small village. Long drive approach and surrounded by large agricultural estate. Fine early Georgian family house, magnificent entrance hall, 3 reception rooms, billiard room, 6 bedrooms, dressing room, 3 bathrooms, staff accommodation, extensive outbuildings, lovely gardens, park and woodland. 21 acres. £65,000.

HILLARY & CO., 32 Lavant Street, Petersfield, Hampshire. Tel: (0730) 2801

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HAMPSHIRE—Meon Valley

31½ acres

Equidistant Winchester/Petersfield 13 miles, with 950 yards frontage river Meon. Beautifully situated Queen Anne house with later additions. Magnificent entrance hall, 3 reception rooms, music room, 5 main bedrooms, dressing room and 3 bathrooms, 4 secondary bedrooms cottage, fine range of stabling and garaging. Delightful gardens and grounds leading down to the river with part double bank trout fishing. 911 acres.

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SAVILLS, London Office. Tel: 01-499 8644

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Beautifully situated stone farmhouse with outstanding views over the surrounding countryside. 4 reception rooms, 6 bedrooms, 2 bathrooms, oil-fired central heating, extensive outbuildings, including a barn with detailed planning consent and a further barn with outline planning consent for residential use. 6 paddocks, 16½ acres. Offers invited for the whole or would split.

SAVILLS, 21 Horse Fair, Banbury. Tel: (0295) 3535.

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BRUTON KNOWLES & CO. Tel: Gloucester (0452) 21267

SAVILLS, 21 Horse Fair, Banbury. Tel: (0295) 3535

BUCKS/OXON BORDER

Thame 6 miles, Oxford 14 miles.

Magnificent 16th century manor house situated on the edge of the pretty village of Brill with fine views over open farmland. 4 reception rooms, 6 principal bedrooms, 3 bathrooms, Edwardian wing with domestic quarters and 2 staff flats, oil-fired central heating, pair of cottages, stable block, garaging for 4 cars, gardens and grounds of about 6 acres. Very realistically priced at £65,000.

BUCKELL & BALLARD, 58 Cornmarket Street, Oxford. Tel: (0865) 40801

SAVILLS, London Office. Tel: 01-499 8644

HERTFORDSHIRE BORDER—TOTTERIDGE VILLAGE N20

10 miles from West End

Historic house of 16th century origin, formerly a priory with fine reception rooms, many period features and secluded gardens. 4 reception rooms, conservatory, 5 principal bedrooms, 2 dressing rooms, 2 bathrooms, nursery floor with playroom, 3 bedrooms, 3rd bathroom, 2 small cottages, garaging for 3 cars, spacious gardens.

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SAVILLS, London Office. Tel: 01-499 8644

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BERKSHIRE

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Modern Georgian style house with unspoilt outlook, 2 reception rooms, 5 bedrooms, 2 bathrooms, central heating, double garage, stabling, swimming pool, paddock. About 3 acres.

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New world power flexes its political muscles

The author is Labour MP for Warley, East.

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20 yards, and Olive gasps for breath

*If you would like your gift used for a special purpose, please let us know.

Looters who won't pay the price of their politics

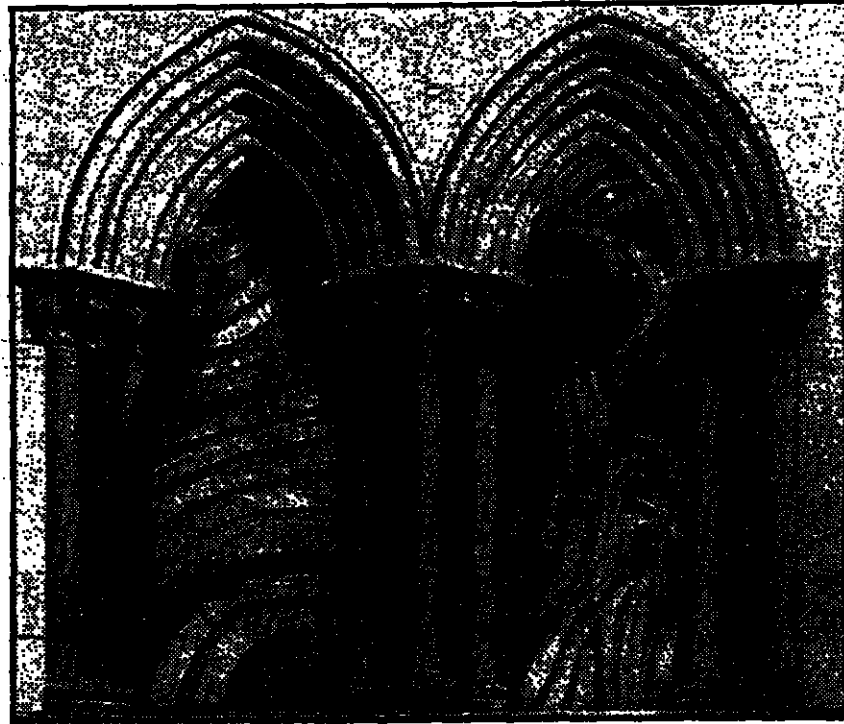
‘They simply mulcted the ratepayers of the district to finance their operations, and those who protested were told that if they didn’t like it they could move elsewhere’

It may be right that old people should be able to watch television; but is it right that a law allowing councilors to pay for retransmission of television broadcasts to enable them to dole out free television licences? It may be right for milk to be given out; but is it right that the council chairman's official allowance, given to him for his services, should be increased by 1,400% overnight to buy the milk to give away? It may be right to denounce a pay-freeze, backed by law, and seek an end to it; but is it right to bring in a law to force employers to pay 56 a week and paying that sum out? It may be right to give dustmen a day off; but is it right to do so whenever a political demonstration is in favour of the Tammany bosses or against them? It may be right to stage such a demonstration against the arrival, to investigate the conduct of the Tammany bosses, of the district auditor?

The other many—the sums required to implement the Sovietization of Clay Cross—they also declined to pay; in this case, however, they simply insulted the ratepayers of the district to finance their operations. I am sure that they would not admit that if they didn't like it they could move elsewhere. No attempt seems to have been made to discover whether those who footed the bill were better off than those to whom the largesse was being distributed; the test was whether the Housegoes were getting a share of the loot. The Klan. No notice of the law was taken; whether the councillors were or were not entitled to do what they did

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Ancient meets modern in cathedral abstracts



New sculpture for Exeter Cathedral. Left : Life over death. Right : Two pieces symbolizing Earth without form and void.

A spectacular demonstration of the absurdity of this superstition is about to be made. On Thursday the Duke of Gloucester is going to unveil some fine but distinctly modern, not to say (quietly, though, so as not to upset the timid around the Cathedral close) abstract sculptures in the Chapter House of Gloucester Cathedral: one of the great medieval stages for sculpture. These statements of the twentieth century, moulded from aluminium-filled "gel-coats" and fibreglass, set perfectly compatibly into their

that it can resume its original function as the traditional meeting place of the greater chapter of canons and prebendaries and as an historic assembly room. The later plasterwork has been removed to expose the original red stone in the lower wall. A new heated floor of purbeck marble has been laid. It was then decided that the great hall demanded that sculp-

ture be restored to the niches. Kenneth Carter, a young sculptor from Yorkshire, now living in Lympstone with his wife, Brenda Carter, the painter of still life, was commissioned to create modern sculptures worthy of their grand setting, and illustrating aspects of religion seen through a modern man's eyes.

have excited some controversy among traditionalists. They might indeed have surprised the anonymous Master of Exeter, who rebuilt the main Cathedral in the thirteenth century, and who seems to have been a traditionalist. He carried the existing style of 1250 to 1260 to a new plus ultra of richness, rather than creating a new style. An

American tourist in the Chapter House this week gazed at the sculptures in a wild surmise, and asked their sculptor: "Say these are modern, aren't they?" But they look magnificent and timeless to modern eyes.

form and void, through the creation of light, water, and earth to the birth of Adam, struggles powerfully into light of the big east window. The seven niches along south wall contain more remarkably traditional figures illustrating the annunciation, nativity, and baptism of Christ and culminating in a vivid very strong resurrection defeat of Death.

But these representative figures echo and complement the abstract shapes opposite. For instance, the folds in Mary's drapery in the Nativity in the whorls and waves of the Virgin without form and the creation of light opposite.

Kenneth Carter, who spent the past three and a years on the great work started with the romantic notion of having a single sensational figure of Adam, the other 14 sculptures abstracts. He says: "I was trained as a traditional academic sculptor. Then we went through a long period of nothing but abstract work." In a 1968 *House I found freedom and flexibility in being able to put symbolic alongside sculptures that everyone can recognize as figure*

His sculptures in the Chap House are persuasive evidence that in church sculpture, as in church architecture, and in church teaching and ritual, the best and most modern of contemporary work can and must coexist with the best of the past; if churches are not to become museums.


Philip Howa

The Times Diary

Meeting our man in Port-au-Prince

Yet nowadays Murray does have a role to play which is not purely social. Since Papa Doc's son, now known as Baby Doc, inherited the Presidency four years ago, Haiti has become a more respectable internationally. The Americans have started giving aid again (including some small-scale military training) and so have other countries—including Israel and Taiwan, probably glad to find a black country willing to accept their help. Haiti is no longer doing much, but there are increasing visits from men from the Ministry of Overseas Development, and Murray has to take care of them.

The President's mother, widow of the old dictator, remains the power behind Baby Doc, but many of the other leading personnel have changed. The two Raymond brothers, formerly foreign minister and head of the armed forces, are both out of favour, and the redoubtable Luckner Cambronne, as Minister of the Interior the most feared man in the late years of Papa Doc, now lives in Florida.



wise to obtain the services of a reputable local attorney-at-law, agreeing upon the fees in advance." The same goes for taxi drivers.

The most needed change of all—some alleviation of the blatant and widespread poverty which afflicts the country—seems a long way off. There are still as many beggars, possibly more.

A few foreign companies have set up manufacturing operations in Haiti, attracted by the low basic industrial wage of 60 piece a day. This makes it attractive to industries with a high labour content. One

Then you take a taxi to the ruined palace of Sans Souci from which it is a painful 1-hour horseback ride to the Citadel. Painful for the horses and probably also for the riders. Mine collapsed on my knees when I mounted him, but he revived sufficiently to make it up and down.

Proverbial
It is lucky, perhaps, that a people with so little good happening to them should be blessed with a realistically desperate national philosopher.

cannonballs. The pathos is in the fact that the guns were never fired. For Napoleon never came, probably calculating that Haiti was not worth fussing about.

Changes

The changes wrought by the young Duvalier seem to be of style rather than of substance. Much of the growing quantity of international aid, according

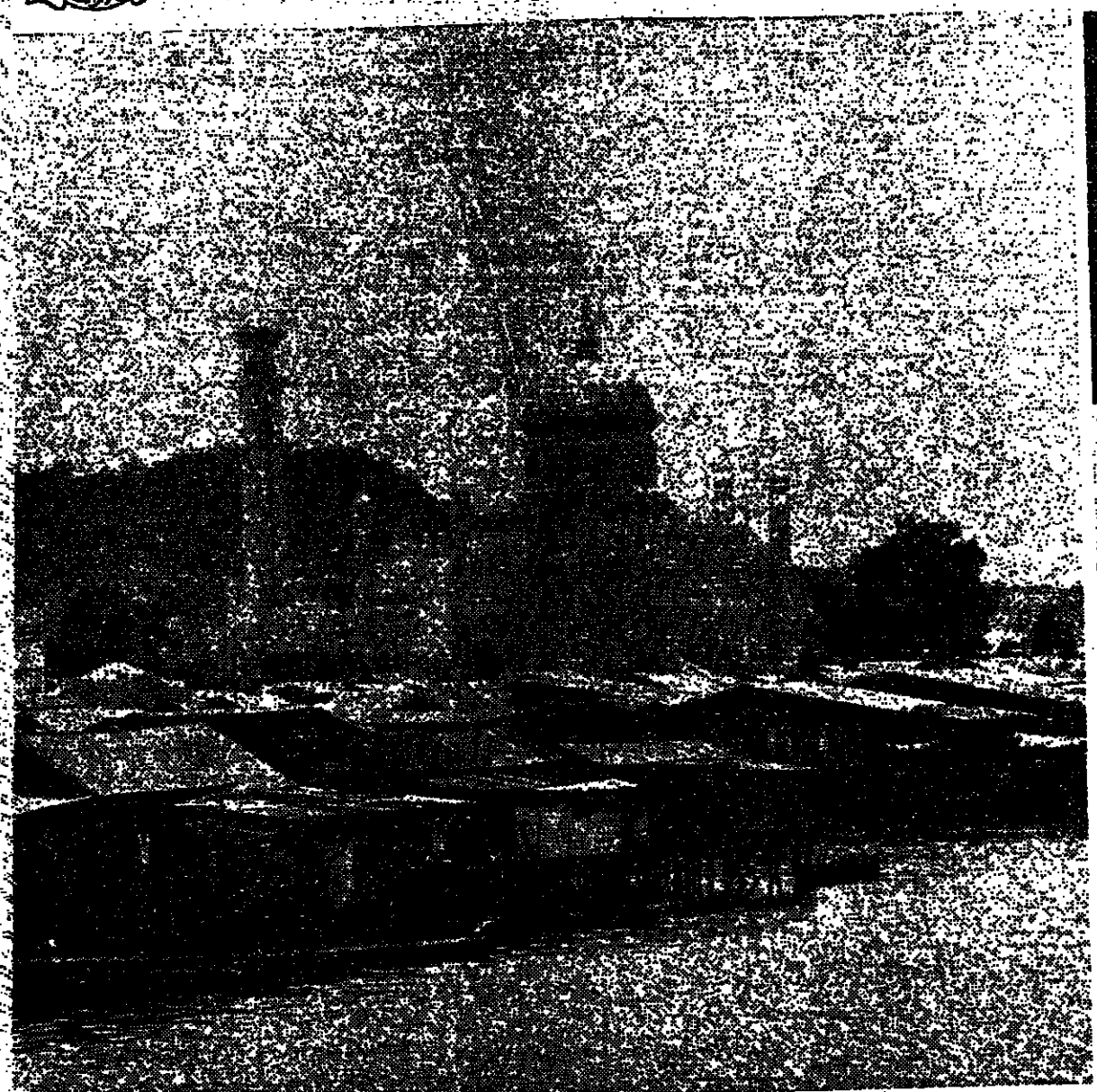
Baseballs

And what of the phenomenon for which Haiti was perhaps most notorious - the Tontons Macoutes? This was the irregular army of devotees of Papa Doc who gained a reputation for dealing viciously with anyone, Haitian or foreign, they thought threatened them. Graham Greene wrote about them in *The Comedians*.

Proverbial

It is lucky, perhaps, that a people with so little good happening to them, should be blessed with a realistically desperate national philosopher.

BRUNEI



Life in the Borneo Sultanate of Brunei is steeped in the tradition of centuries which seem to be personified in the red-roofed royal regalia-bearer. The gold dome of the Sultan Omar Ali Saifuddin Mosque, rising over the huddled homes of Kampong Ayer, the water-village, which is part of the State capital is a lasting reminder that Islam plays a central role in the life of the State. Today Brunei takes off into the future with the launching of its own national flag carrier, Royal Brunei Airlines. The yellow aircraft of Royal Brunei will make the State's name better known among neighbouring countries of South-east Asia. Brunei, being small, and peaceful—its full name, Brunei Darus Salam means Brunei Abode of Peace—has remained relatively unknown in a region where dramatic events have been grabbing world headlines. The peace and obscurity have allowed the State Government to concentrate on development plans to enable Brunei to stand on its own in a changing world. While more than 20,000 people still live in houses on stilts in the crowded waters of Kampong Ayer, as their ancestors have done for centuries, families in the wooden houses now spend their evenings watching colour television. In the mornings hundreds of motor boats dash between the village and the capital Bandar Seri Begawan carrying commuters to work in modern offices. Cheap weekend fares have made Singapore, 23 hours away by jet, a handy shopping centre for the people of Brunei and the new international airport, with a 12,500-foot runway is well used. The airport, the television service, the State's deep-water port, have all been paid for by the huge revenues from oil. Brunei earns so much that there is no personal income tax in the State which enjoys the highest standard of living in Asia. Without abandoning the traditions they value, the people of Brunei have been quick to seize the advantages development has brought them.

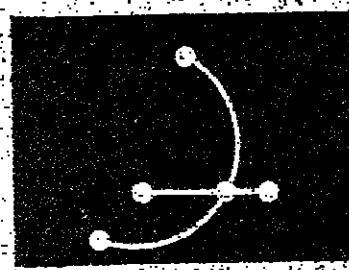
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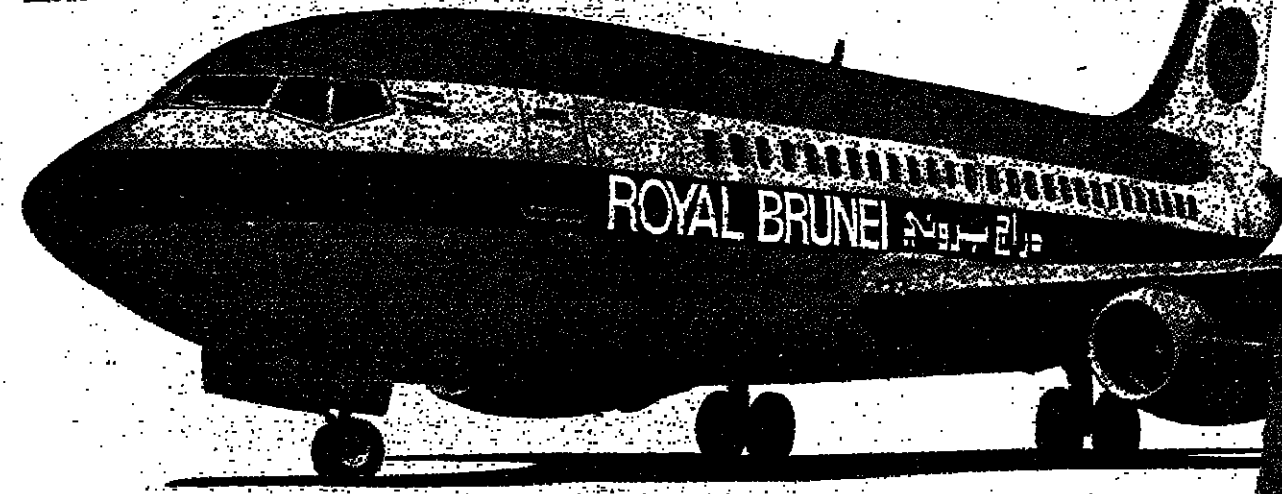
Where we go.

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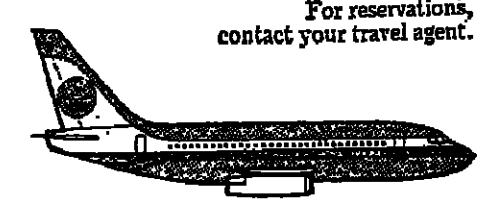
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Diverse opportunities in a developing nation

Imagine if you can a country where it is summer all year round, a State where there is free education, medical services and pensions for the old and sick, but no income tax or National Insurance contributions. Conjure up a picture of a place where premium grade petrol costs less than 25 pence a gallon, Scotch less than £2.40p a bottle and king-size cigarettes 20 pence for 20.

Think of a land with miles of unspoiled, practically deserted tropical beaches, one where there is full employment, industrial disputes are unknown and where in any case strikes are illegal.

It may all seem like a dream to drive away budget day depression, but such a State does exist—Brunei Dares Salaam.

A small State of 2,200 square miles and a population of just over 150,000, the Sultanate of Brunei is an independent State on the North West coast of Borneo less than 900 miles north-east of Singapore.

Just five degrees north of the equator Brunei enjoys a tropical climate but is too far south to be affected by the typhoons which sweep the South China Sea.

With oil and natural gas pouring from its offshore wells at ever increasing rates Brunei has no need of income tax and levies a company tax of 30 per cent. There are now strong suggestions that this be reduced to encourage offshore investment.

With so much money it is easy to see why Brunei has one of the highest standards of living in Asia, although the State is so small it is usually forgotten when living standards are compared.

One indication of high living standards is the number of registrations of new vehicles. These often exceed birth registrations in any one quarter yet the State's well maintained roads are far from crowded.

Rush hour in Brunei's capital Bandar Seri Begawan concerns the river as much as the roads. With more than 20,000 people living in Kampong Ayer, the water village of wooden houses built on stilts, many of the capital's workers commute by motor boat to work.

With such a high standard of living the choice of Kampong Ayer as a home is one of tradition rather than necessity.

At the beginning of the century there were hardly any buildings on land and even the Sultan's palace was built on stilts. The picture has changed rapidly and Bandar Seri Begawan now boasts some of the most attractive public buildings in Borneo, but many people still prefer to live over the water.

The living site may be centuries old, but the life style is right up to date. Inside, the wooden houses are clean, well kept and are supplied with piped water and electricity from the mainland. Many now boast colour television sets since Radio Television Brunei began test transmissions on March 1.

There are no television or radio licence fees in Brunei, the services are provided free by the Government.

The 500 million television project was started in October last year and the first programmes were broadcast just six months later. BBC engineers setting up the service think this is a record that will be hard to beat. What is more the first night's programmes went over the air without a hitch.

The television service and the airline mentioned elsewhere in this feature are just two of the projects in the new Five Year Development Plan designed to create jobs and diversify the State's economy.

Although its life style is modern Brunei is steeped in tradition as befits an old established Malay State with a colourful history.

Before the coming of Islam the State's history is somewhat vague, but it is known that Chinese sailors traded with Brunei as early as 518 AD and probably earlier.

The State embraced Islam when Sultan Mohammed, the first ruler to use the title Sultan, married a Johore Princess. Brunei became a centre for the propagation of Islam and at the same time its political influence spread.

In those days of warring States and piracy the elaborately carved brass cannon for which Brunei was famous were the instruments of its rise to power. Andique cannons are still kept in Brunei but for some reason remain relatively unknown to western collectors.

Two Sultans were largely responsible for the State's rise to power, the fifth, Sultan Bolkiah, and the 10th, Sultan Hassan. The present Sultan, Sir Muda Hassan Bolkiah Mu'izzaddin Waddaulah, the 29th of his line, bears the names of his two most illustrious ancestors.

During the reign of Sultan Bolkiah Brunei's influence ranged from Java to the Philippines. He conquered Seludong (Mindanao) and later married the ruler's daughter.

It was Sultan Hassan who introduced elephants to an already splendid court. His influence extended over the whole island of Borneo (the name for which is a corruption of Brunei) and surrounding islands such as the Sulu.

The first contact with Europeans was in the 16th Century. One of the early visitors, Anthony Pigafetta, who sailed with Magellan and arrived in 1521, said: "The Sultan is a very noble and wise man, the King's house and some of the Chief's houses are all of wood and stand on strong piles to keep them high from the ground."

"When the flood tides make, the women in boats go through the city selling rice, beads, and other things."

"In front of the King's palace there is a rampart constructed of large bricks, with barbicans in the manner of a fortress, on which are mounted 56 brass and six long cannons. During the two days we passed many of them were discharged."

During the 16th Century there were many attempts by Europeans to hold power in Brunei which was then the centre of the Malay world. Spaniards occupied Brunei in August 1578 but were driven out and a later Spanish attack in 1645 was repulsed.

European influence did not really affect Brunei until the 19th Century. In 1841, James Brooke, in return for helping the Sultan put down a rebellion in Sarawak, then a British tributary, took the title Rajah of Sarawak. In Sabah Baron de Overbeck claimed the title of Maharajah of Sabah and by 1904 Brunei was a small State sandwiched between Sarawak and Sabah.

In 1906 the first British Resident was appointed to Brunei which had been declared a British Protected State in 1888. Between then and 1941 a new form of government was evolved in the State and this included a State Council.

Oil was discovered in 1929, but the Depression and later the Japanese occupation prevented the field from being developed fully.

It was after the war that Sultan Sir Omar Ali Saifuddin, the present Sultan's father, began the development of Brunei into a modern State.

Brunei received a new Constitution in 1959 which gave it a British High Commissioner who was also an adviser to the Sultan and the Government.

The State Bank

At a time when Royal Brunei Airlines is starting to make the State's name known in the travel world, the National Bank of Brunei has plans to make the State known in financial circles.

Having just celebrated its 10th birthday the bank has plans to expand outside the State with offices in Hong Kong and Singapore and eventually in London.

Although there are eight banks operating in Brunei the National Bank of Brunei is the only one to be incorporated in the State.

It was incorporated in August 1964 and started operations in January 1975 with an authorised capital of \$20 million and a paid up capital of \$33 million (\$32.3 million). Today it has a paid up capital of \$30 million and an authorised capital of \$100 million.

In the recently published annual report the bank's president, Prince Mohammad Bolkiah, the Sultan's eldest brother, announced a record profit for 1974 of \$6.33 million.

He said: "The bank's operations in all areas have shown a marked improvement following the increase in the bank's capital."

"The management has maintained a strong liquid position and this is reflected in the size of our cash assets totalling \$127 million. Deposits stood at \$194.8 million representing an increase in excess of \$100 million over figures for the previous year."

"Advances increased from \$53.7 million to \$100 million and investments from \$39.7 million to \$44.3 million."

"Our wholly owned subsidiary, the National Finance Ltd, continues to maintain steady progress. Deposits increased from \$17 million to \$23 million and advances from \$5.5 million to \$3.3 million. The company has a sound liquid position."

"In view of the unsettled world conditions and as a prudent measure, your directors have decided to pay a dividend of 12 per cent only, absorbing \$2.5 million, leaving \$1.3 million to be carried forward to next year's accounts."

"The bank's capital has recently been increased to \$890 million with a new issue of shares at a premium of \$2. This move has further strengthened the bank's financial position."

"Brunei's economy is one of the strongest in the world with oil revenues showing a substantial increase last year. The Government has introduced a development plan for the next five years and this plan has attracted considerable interest. The bank naturally hopes to take part in the plan in keeping with its role as the only local bank operating in the country."

With five local branches covering every main centre in Brunei the bank's only avenue for expansion is overseas and it has already applied for licences to operate in Hong Kong and Singapore.

A senior bank official said: "If we have overseas branches I think we can service Brunei better and better encourage and promote the image of the State. I think Brunei can perhaps offer something that other countries cannot."

"We have plans to go into world-wide banking but the first step is to link up with Singapore and Hong Kong which are the main centres trading with Brunei."

"We also have plans to open branches in London, Kuala Lumpur and possibly the Middle East to cater for pilgrims performing the Hajj."

"Our first aim is to serve Brunei traders who have business overseas."

The 1971 Agreement, signed between Britain and Brunei, made the State fully independent internally with the post of High Commissioner becoming a normal diplomatic position.

However, Britain still handles Brunei's external affairs and the agreement calls for defence consultations between the two governments should Brunei be threatened externally.

With its long historical associations with Britain Brunei is one of the most Anglo-philic countries in the world. Which other country, including Britain, has spent \$1.5 million on a building as a memorial to the late Sir Winston Churchill?

The crescent-shaped building houses a permanent Churchill memorial exhibition depicting the war-time leader's life and career, the finest aquarium in South-east Asia, a small museum, library and lecture theatre.

The leading Anglophile in the State is the Sultan's father, Sir Omar Ali Saifuddin, who abdicated in favour of his son in 1967. Now known as the late Sir Begawan Sultan, Sir Omar is an adviser to his son.

British experts and advisers have for many years helped the Brunei Government and with new projects such as television, Royal Brunei Airlines, and the sixth form education centre, there are more British people working in Brunei than there have been for many years.

Brunei has its own army, the Royal Brunei Malay Regiment, which will have a British commander and many British officers, but last year the first two Brunei

officers were promoted to lieutenant-colonel and one of them has been designated commander of the second battalion now being raised.

Besides having two battalions of infantry the RBMR has an air wing equipped with Bell jet helicopters, the first Flotilla which has eight fast patrol boats, an armoured reconnaissance squadron and a support company.

Brunei pilots already fly some of the helicopters and command many of the patrol boats and eventually the regiment will be officered entirely by Brunei Malays.

In the past Brunei has been isolated because of poor communications. Now with jet aircraft putting centres such as Hong Kong and Singapore less than three hours away, the old isolation is ended.

The Brunei Government is aware that good communications are important if the State is to progress and it was for this reason that it built the international airport near the port in the early 1960s.

Telecommunications have also been improved so that there are now good telephone and sales links through Hong Kong and Singapore with the outside world.

The Government is not stopping there. There are now plans for an earth-satellite receiving station which will give Brunei satellite link with Britain and many other countries.

With a new airline carrying the State flag around the region it will not be long before other people realise that Brunei Abode of Peace (that is what Darul Salam means) really is just that—and tax free too.



A permanent and unique reminder of Brunei's special relationship with Britain is the \$1.5 million Churchill Memorial Building in the centre of Bandar Seri Begawan. The white crescent shaped building surrounds a bronze statue of Sir Winston giving his famous victory sign. It houses a permanent exhibition of his life and career, the finest aquarium in South-east Asia, a museum, library and lecture hall. It is one of the many fine public buildings that make Bandar Seri Begawan one of the most attractive towns in Borneo.

Investment—Government plans and private enterprise

The Government of Brunei is now putting into effect a new Five Year Development Plan aimed at creating 10,000 new jobs by 1978 and diversifying the State's predominantly oil-based economy.

Under the plan, approved in principle by Sultan Sir Muda Hassan Bolkiah, the Government will invest \$8500 million at the rate of \$8100 million a year (\$82.30 = \$US1). The Government expects private enterprise, both within the State and from overseas, to invest \$8643 over the same period.

Already several big concerns have shown interest in the plan.

Brunei, which has a total area of 2,200 square miles and a population of 157,000, already enjoys the highest standard of living in Asia, thanks to its oil and natural gas deposits.

Shell is so far the only oil producer, although other companies are exploring in the State.

Brunei has the biggest liquefied natural gas plant in the world, a joint venture between the Brunei Government, Shell and Japanese interests, and 100,000 ton specially-built tankers sail from Brunei carrying the gas to power-hungry Japan.

Shell's profits from natural gas, in 1973 Brunei earned \$563 million in royalties and \$8223 million in taxes Shell Petroleum Ltd.

In 1974 Brunei earned \$687 in taxes, most from oil and natural gas, and expects to earn more this year.

With oil and gas coming out of the ground money is no problem to Brunei which is one of the few States in the world without personal income tax. Company tax is a flat 30 per cent of profits.

Although money is no problem lack of development and the economy's reliance on the oil field are seen as potential problems and it is these that the new plan is intended to overcome.

Apart from those employed on the oil field, in the commercial sector or by the Government, most Bruneis make a living from subsistence farming, fishing or a combination of both.

The plan aims at bringing in new industries to the State based largely on petroleum, agriculture and the relatively untouched tropical forests.

Several overseas companies have shown interest in large-scale agricultural development such as oil palm or cocoa estates and in building factories to process the primary produce.

Another scheme being actively considered is the large scale cultivation of export oil plants and a factory for extracting the oil. Brunei's last five year plan, from 1967 to 1969, was aimed at providing the infrastructure for the industrial and agricultural development now envisaged.

Under the last plan Brunei built a new international airport with a 12,000 foot runway capable of taking the Concorde and a deep water port 17 miles from the State capital, Bandar Seri Begawan, a water supply scheme for the capital and Kuala Belait and a road network that opened up valuable agricultural land in the interior.

Temburong will provide logs for a proposed plywood and veneer factory to be built and Muara, the deep-water port. The

logs will be floated across Brunei Bay in rafts.

The new airport has attracted new traffic. Royal Brunei is the fifth international airline to fly there but the first to use it as a base.

British Airways already operates a weekly service between London and Brunei. Singapore Airlines fly jets between Bandar Seri Begawan and Singapore nine times a week. Cathay Pacific and Malaysian Airlines have twice weekly flights to Hong Kong and there are several flights a day connecting Brunei with Sabah and Sarawak.

Urea and ammonia plants using petroleum products as raw materials and a possible petro-chemical industry are being considered.

There is also great interest among overseas businessmen in the 20 million ton silica sand deposits at Tutong, half way between the capital and the oil field. A glass factory may be started in Brunei.

For several years Japanese manufacturers have wanted to mine the sand for export to Japan, but the Government has always insisted that if the sand is exploited, the glass should be manufactured in Brunei to create employment.

Unemployment is as yet no problem in Brunei. The figures in 1973 showed just over 1,000 people unemployed, but most of these were youths who were looking for the more prestigious white-collar jobs with the Government and Shell rather than the manual jobs.

At the same time there were more than 15,000 expatriate workers in the State.

Over the past several years Brunei has been spending heavily on education with more than 50 schools and training institutions built or expanded since the late 1950s.

Under the last development plan two trades schools were built, one for engineering and one for building trades, and these will provide skilled workers for the new industries.

More schools and more education mean more young people on the job market and educated youngsters are not prepared to work on subsistence farms.

During the life of the new plan a total of 10,000 people, at the rate of 2,000 a year, will enter the Brunei job market and the new plan aims at the same time to create work for these and at the same time to increase the State's productivity.

It is expected that 3,500 of the new job holders will be employed either on the oil field or by the Government but productive employment will have to be found for the rest.

Although much of the private investment in the new plan will come from overseas the Government is also seeking to encourage the growth of the State's own small private

sector. It will provide funds for loans for corporate financing, equity participation and for financing small and medium scale industries.

Brunei's subsistence farms now produce about 20 to 25 per cent of the State's rice needs and the rest is imported from nearby Thailand making Brunei very susceptible to price fluctuations. Retail rice prices are heavily subsidised by the Government which is the sole importer.

With better use of land now under cultivation the farmers could be encouraged to produce about 50 per cent of the State's needs and proposed large-scale commercial paddy schemes could make Brunei almost self-sufficient in rice production.

Tourists now trickle in the Brunei, mainly from America and Australia, but the numbers are growing steadily. Most of those who come are impressed by the unspoiled charm of the State.

Proposals have already been received for the construction of international class hotels to cater for up to 200,000 tourists by 1978. One hotel will be built jointly by the local cape group and a local businessman and will be run by Holiday Inns.

Although Brunei is far from being short of money it is encouraging overseas investment in the plan to bring in technical and management know-how to help establish export oriented industries. Because of its small domestic market any industries set up in Brunei on a large scale must have an export market.

The Government, through its Economic Planning Unit, set up last year, is doing all it can to help potential investors who visit the State with ideas for new industries. The unit was rapidly established within a year.

Banks have not been slow to recognise the development potential in Brunei. There are now several banks in the State capital and the saying now is "more banks than coffee shops", as there are only seven coffee shops in Bandar Seri Begawan.

Besides the National Bank of Brunei, the only one incorporated in the State, there are branches of the Hong Kong and Shanghai Bank, the Chartered Bank, the Bank of America and the First National City Bank.

The Hong Kong and Shanghai Bank recently opened a new six storey bank and office block and last year the Chartered Bank and the Indochina Group jointly opened a similar block.

Relatively unknown in the region a few years ago, Brunei is now attracting the attention of investors from Japan, Hong Kong, Singapore, Australia, America and Europe.

The total proposed investment during the five years of the plan will equal about 18 per cent of the gross domestic product for that period.

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three cars at a time. The paper company is considering setting up its own ferry service which employs 40 honours graduate teachers from Britain.

from Britain. development of the State. Students will be

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by SIA, there is a heavy flow of "week-end" trippers both Brunei Malays and expatriates—to Singapore.

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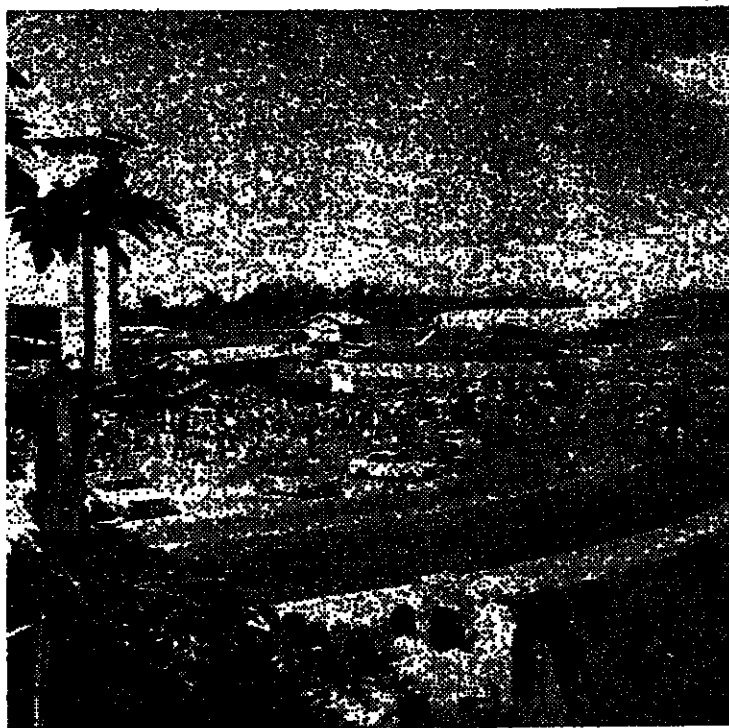
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BRUNEI DARUS SALAM

Right: Twenty-eight-year old Sultan Sir Muda Hassanal Bolkiah succeeded to the throne of Brunei when his father Sir Omar Ali Saifuddin abdicated in 1967. Sir Omar acts as adviser to his son and is now known as Seri Begawan Sultan. The State capital, formerly Brunei Town, was renamed in his honour. Sir Omar was the architect of the development plans which have turned Brunei from a quiet backwater into a modern State.

Left: Some of Sir Omar's planning can be seen in the modern buildings in the town centre. In the river in the background is Kampong Ayer where thousands of Bruneis still prefer to live despite government efforts to get them to settle on shore. Until the beginning of this century, the whole town, including the Sultan's palace, was built on stilts over the water. Now multi-storey blocks of flats and offices are changing the capital's skyline.

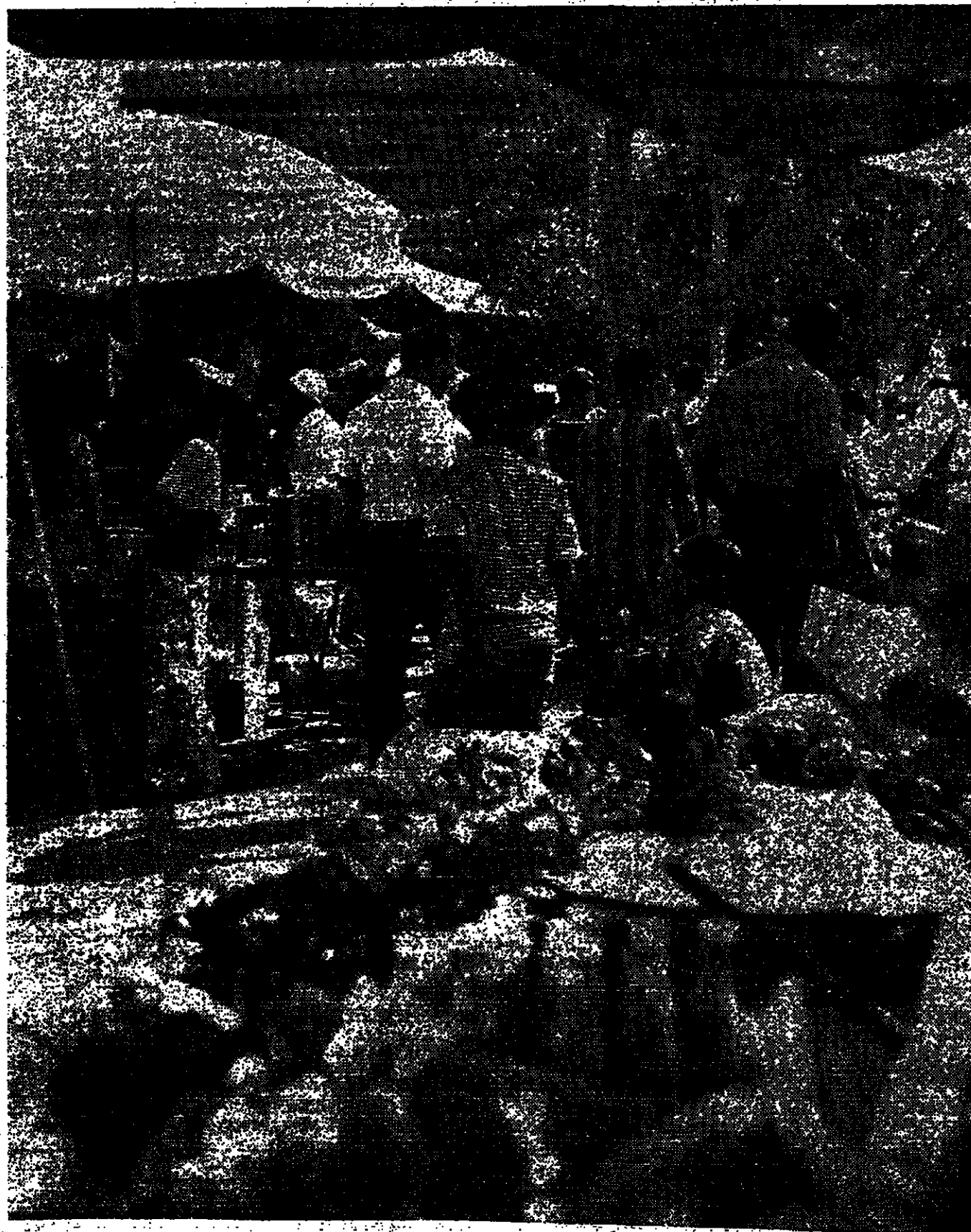
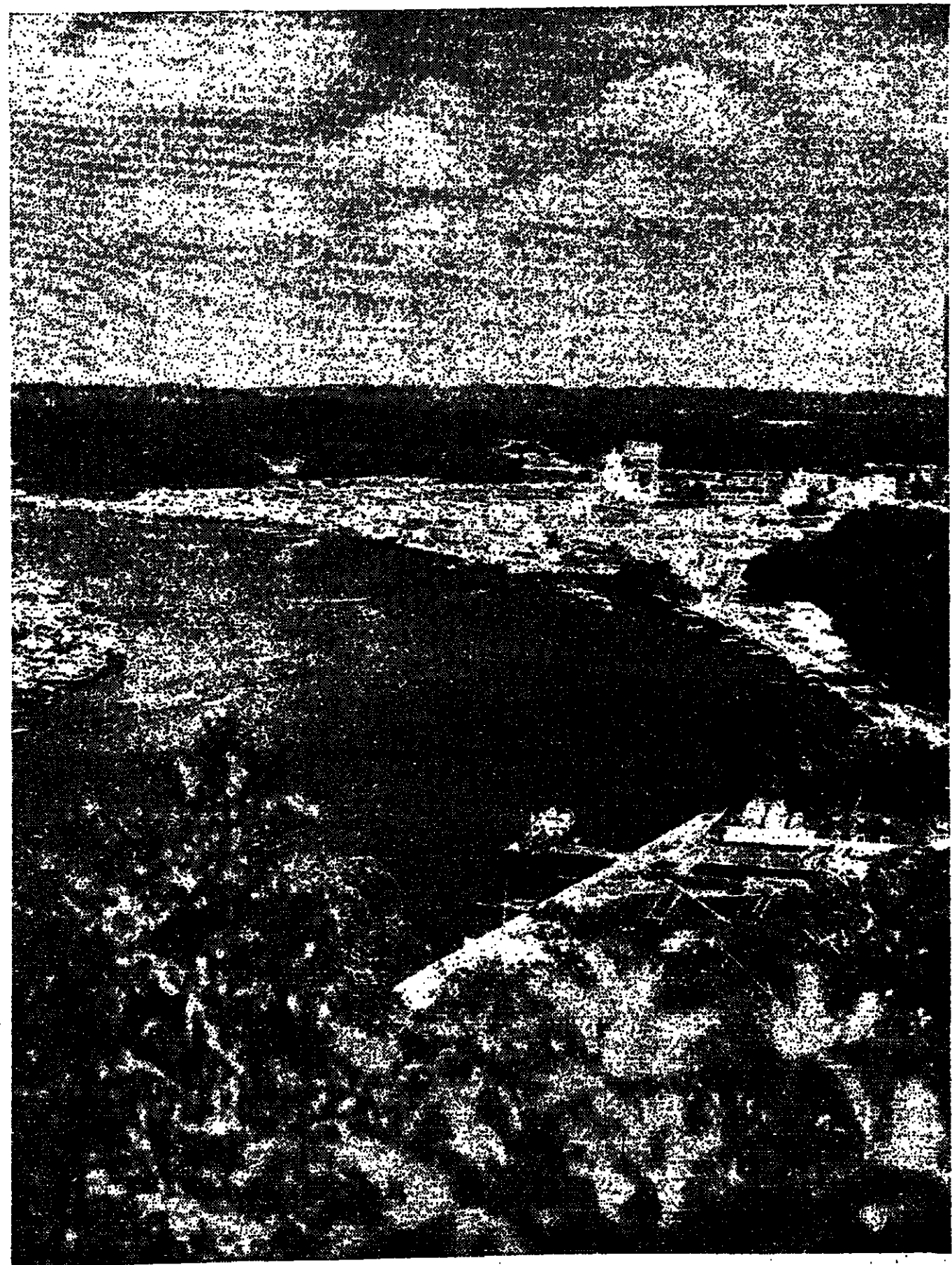
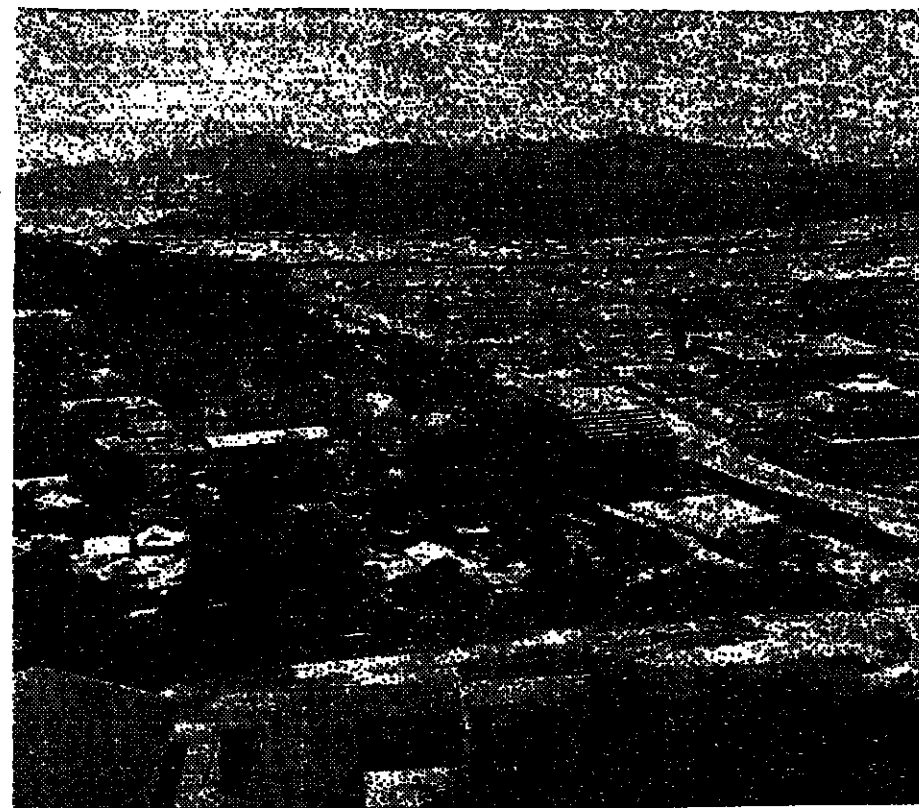
Below: Even before it was completed the new international airport proved it could handle big modern aircraft when two Lockheed Tri-Stars on charter from the now defunct Court Line, flew nearly 600 Brunei pilgrims to Mecca for the Haj. Now with its modern terminal opened and with its 12,000-foot runway the airport can handle any aircraft flying today, including the Concorde. The airport is already used by five international airlines, including British Airways which has a weekly direct flight to London, and there are hopes that it will be used as a refuelling stop for jumbo jets on the London to Australia route. Cathay Pacific Airlines is considering calling at Brunei with its Tri-Stars flying between Hongkong and Sydney and this will give Brunei a north-south as well as an east-west air link. All aircraft using the airport are handled by Royal Brunei Airlines.



Above left: A child health nurse attends to a kampong baby during one of her regular visits. Medical treatment in Brunei is free and for the people of the more remote kampongs there is a flying doctor service using helicopters to reach the jungle villages and longhouses. Above right: Children are particularly well cared for in Brunei where more than 50 per cent of the population is under 21. Education is free up to sixth form level within the State and there are scholarships for students going to universities abroad.

Below left: The State capital and Kampong Ayer line the banks of the Brunei River.

Below right: Market day in the capital.



In the course of a dissenting opinion in the Court of Appeals yesterday the Master of the Rolls pointed out that he considered the law on the principles governing the law of picketing. The case, which relates to the picketing of an independent estate agent's offices is yet to be tried. The issue is whether all such swells clarification by the courts, but this was a clear statement of the greatest importance on a significant and contentious issue of the Law. Lord Denning's general proposition was that picketing is good as long as it is done merely to obtain or communicate information or peacefully to persuade, and is not such as to submit any other person, to any kind of restraint or restriction of his personal freedom, that applied both to picketing for furtherance of a trade dispute, which is governed by statute, and to picketing for all other purposes, which is left to the common law.

The general right to picket conferred by this doctrine is a right to picket in a peaceful and non-molestation manner. If business premises or other business premises or, it would seem, anywhere else for any purpose that was not itself illegal. Certain conditions would obviously have to be observed. Picketers could be sued for libel if their statements were defamatory, for trespass on private property, or for any conduct constituting a nuisance under common law. But Lord Denning stated specifically that picketing is not a nuisance in itself. Nor is it a nuisance for a group of people to attend at or

near the plaintiffs' premises in order to obtain or to communicate information or in order peacefully to persuade. It does not become a nuisance unless it is associated with obstruction, violence, intimidation, molestation or threats.

The effect would be that methods of persuasion or coercion that have become familiar in industrial disputes would be available to further a public or private cause. It might seem that the safeguards are sufficient. But the physical pressure would be illegal and Lord Denning will surely not be challenged for his belief that it is not necessary to forbid picketing in order to prevent the dissemination of inaccurate information. The laws of libel should be adequate for that. But experience in industrial disputes has shown that formidable pressures can be exerted by activities that the law would not deem to be intimidatory. That is true outside a place of work. It would be even more true outside a private home. Near a house it can be permitted. What if the coolness of court of law might seem no more than communicating information might appear very different to nervous members of a family passing in and out. One should not underestimate the degree of psychological suffering that could be caused by social harassment of this kind.

It might be said that these objections to the Denning definition relate only to possible but unlikely abuses of the law while taking no account of desir-

here are now two German embassies in most capitals of the world. They represent two different states, East and West Germany, but they cannot wholly avoid competing for recognition as rival representatives of the German nation, culture and history. East Germany claims to have made a clean break with Germany's past but it also seeks an inheritance in "progressive" German traditions exemplified by the Peasants' Revolt, the communist movement and even, resumptively, Beethoven, whose music, according to an official publication, "can be played, played and heard with a clear conscience only . . . where there is no class antagonism, no exploitation of man by man, for which Beethoven struggled so passionately in his work, have been realized."

The contrasting historical attitudes of the two Germanies merged sharply during the recent celebrations of the anniversary of the end of the Second World War. Although East Germany was part of the defeated German Reich, its regime regards itself as heir to the resistance against Hitler and therefore claims a right to a place among the victors. West Germany sees the situation in more complex terms. It cannot mourn the defeat of Hitler, but nor can it celebrate the destruction of the German Reich, the imposition of communism on the "land of the German people" and the death of suffering which the war brought upon Germans and so many others.

of Hitler's dictatorship, it was also the end of the German Reich [which] was not the work of Hitler, so we remember the end of the war with grief."

There is indeed something too facile about the way in which the East German regime join the victory parade. It is true that the regime does in some degree represent the communists who were persecuted by Hitler, but as Herr Scheel pointed out they did not win their victory. Nor were they especially effective in their resistance to Hitler. Indeed, in the early days of Hitler's struggle for power they decided that the Social Democrats were the main enemy and actually joined the Nazis in strike action. They came to power only on the backs of the Red Army. They enjoyed almost no popular support. They were the people who came to speak for the people over whom they rule.

The picture is not as simple as they paint it. In judging how far both Germanies have overcome the past what matters is the present state of their societies and the values they represent. East Germany certainly appeared at first to make a sharper break with Nazism, especially in the teaching profession, though its 'purges' were not nearly as thorough as it likes to make out. But it has retained a mixed bag of elements from the German past, including military parades with goose-stepping soldiers, a powerful and pervasive bureaucracy, a political system which gives power to one party, a free press, a universalist idealism and a desire to be a

from Mr. John Wall
of Mr. Helmut Gerbheim does less
an injustice to the recent efforts
of the National Photographic Society
in the field of photographic conser-
vation and display. In particular he
disregards the function of the Na-
tional Photographic Record when
it implies that the first directory
British photographic collections
which is to be published in 1967
is a large collection of details of col-
lections of a few cartes-de-visites or
pictures of purely local interest. On
the contrary, all the entries are of
significant collections which
together constitute our British
photographic patrimony.

The task of compiling the direc-
tory has been immense and has in-
volved the task of highly qualified
national staff. Moreover, the Na-
tional Photographic Society is not
in principle averse to the creation
some form of national photogra-
phic archive. Indeed, it sponsored a
museum, as long ago as March,
1972, under the title "The case for
national photographic archive in
glour", of which I had the honour
of organizing the first series of pub-
lished articles on the journal number-
ing on the subject.

In fact, the embryo National
photographic Record was formed
at a realization at that sym-
posium that there were formidable
difficulties in the way of the crea-
tion of a National Archive of photo-
graphs, monochrome and colour, and
realization that the first step towards
the realization of that objective
was to identify and record
existing collections. The National
photographic Record could readily
become the organizing nucleus of a
national archive, when the time is
propitious.

The bob of the matter is always
the lack of the voluntary
societies, either alone or in concert,

possesses the resources to assemble, maintain, and house a national archive. Most find it increasingly difficult, at a time of galloping inflation, to maintain their existing activities. Government expenditure for a national archive is not only proper, it is essential. No doubt because of his prolonged sojourn abroad Mr. Gernsheim seems to be unaware that this organization has been in the last few years approaching Government specifically on this matter.

We suggested, for example, that when the suite of rooms at Somerset House was vacated and its future was in doubt, that it might be used to house and display a national collection. We urged that the British Library, in its proposed new premises, should house the Bodleian's special book and manuscript collections but also a newly created national photographic collection in close proximity. (The British Museum itself already possesses valuable collections which are currently subject to exactly the kind of restrictions on access and display as earn Mr. Gernsheim's disapproval.) The net result of all these approaches has been exactly nil.

On January 23, 1972, Lord Strabolgi asked in the House of Lords whether the H.M. Government was considering the establishment of a national photographic archive. Viscount Eccles, Paymaster-General, replying for the Government: "No, my lord. Photographs are best collected in a number of Archives with special objectives." Short of changing the Government's mind, which seems highly unlikely, there is little to be done, except by strengthening those informal arrangements which already exist for avoiding duplication among collections.

Finally, Mr. Gernsheim is mistaken when he states that the Royal Photographic Society has not pro-

able activities, in the field of consumer protection for example, that would be outlawed by a contrary interpretation. It is indeed of the greatest importance to keep intact the right of protest, especially of political protest. But it should not be necessary in order to do that to admit a general right of picketing. And it would surely be possible for consumer protesters to distribute their criticisms of a particular shop or manufacturer in the vicinity of the premises without actually picketing there.

This is the age of direct action and it is not the smallest part of civil liberties to keep a wary eye on the kind of direct action to which the individual might be exposed. To picket a Rachman in his own home might seem an act of social virtue. It might seem a point of natural justice so to harass the harasser. But if a Rachman today, who tomorrow? Lord Denning is very properly alive to the need to safeguard the right to demonstrate and the right to protest. They must indeed not be sacrificed or undermined. But in preserving them there is another principle to be respected.

It is the right of an individual to the sanctuary of his own home and to go about his lawful affairs without harassment. Harassment there would be, in fact if not in law, if the techniques of industrial picketing were transplanted to the doorstep. There is ample experience of the difficulty of ensuring in practice that "peaceful picketing" contains no element of restraint, obstruction or intimidation.

making such a sharp break with the past it has otherwise maintained the cohesion of its society and the loyalty of its people and was able to develop a liberal democratic society within its structures and values marked break with Nazi Germany at least as complete as that of East Germany. Moreover, by taking on the burden of Germany's past it accepted the obligation to pay heavy reparations to Jews and other victims of Nazism, which the East German regime has largely refused.

Also, by seeing its task as that of redeeming rather than rejecting the past it has been able to study history more dispassionately. As President Scheel said,

Whatever we say about national dignity and self-respect remains but hollow words if we do not take upon us the entire and often enough crushing weight of our history. What matters is our relationship with ourselves. Only if we do not forget can we again call ourselves Germans with pride. . . . We have learned from the past . . . We instinctively distrust any extreme and purely ideological views on the structure of society. . . . For us the thirtieth anniversary of the day on which the war ended is a moment of introspection.

This competition between the two German states is going to become a familiar feature of international life. While many of East Germany's achievements can be respected it should not be allowed to get away with a reconstructed version of German history and a claim to represent only the good in German traditions. It must live with the whole of the German story. It must live with the mixed record of the communists themselves, the mixed feelings of its own people, the survival of bad as well as good traditions in its system, and the knowledge that German liberalism is alive and well and living in West Germany.

duced an index for its permanent collection—which remains the largest, most representative historic collection in the country. The catalogue has recently been completed. Gernsheim may be assured that the cause which he has so consistently advocated as a prophet in a far country is being vigorously pursued by his disciples here, however, regardless the nation as a whole may appear to be of the photographic heritage.

Yours faithfully,
JOHN WALL, Editor,
The National Photographic Record,
The British Photographic Society of
Great Britain,
14 South Audley Street, W1.
May 11.

From Mr R. MacAlastair Brown.
Sir, Dr Robert Jones in his article
on May 8 on animal experimentation
rather brushed aside organizations
formed to help fund alternatives to
animal usage. The scientists may pre-
fer to develop alternative methods,
the fact is that when government
spending falls short charities must
step in with support if they can.
This trust works closely with
scientists and finds them eager to
replace animals as the raw material
of their research. What they lack is
the finance to get the alternative
equipment.
In one current research pro-
gramme for cancer—animals are
being replaced at the rate of about
5,000 a week, with greater accuracy
and at a cost of less than £10,000
for the equipment.
Yours sincerely,
R. MACALASTAIR BROWN,
Chairman, Humane Research Trust,
62 Bramhall Lane South,
Bramhall, Cheshire.
May 9.

From Professor J. E. Meade

Sir, Neither import restrictions nor devaluation can be regarded as an acceptable alternative to an effective control of the domestic inflation of money cost and prices. If our money costs rise at a rate higher than that of 20 per cent per annum while money costs and prices in the outside world are rising at a rate of only 10 per cent per annum, our exports will lose their competitive power relatively to foreign goods; a real exchange rate would ultimately dry up completely; and as a measure to control our balance of payments tariffs would have to be raised or imports reduced until our foreign trade was ultimately in balance with zero exports and zero imports—not a very happy outlook for a country so heavily dependent as we are on export earnings.

To prevent this, the imposition of tariffs or of import restrictions would have to be combined with a continuing depreciation against sterling—of such magnitude that sterling currencies at rate of 10 per cent per annum, so long as our money prices and costs continued to rise at a rate which was 10 per cent in excess of those prevailing elsewhere in the Empire, and costs in the rest of the world. Combined with a continuing depreciation of the sterling exchange rate of this kind, a once-for-all reduction of duties—or set-of-import restrictions could cause a once-for-all reduction in the level of our imports, though it would do nothing to help our exports. On the contrary, even if there were no restriction of duty or set-of-import restrictions could lead to a once-for-all reduction in the level of our imports, though it would do nothing to help our exports. On the contrary, even if there were no restriction of duty or barrier to our exports by foreign importing countries, the shift of our own domestic demand from foreign to domestic products could reduce the supplies of such domestic products available for sale in export markets.

But the continuing 10-per-cent-per-annum depreciation of the sterling exchange rate which would be necessary to prevent our exports from drying up would also have its drawbacks. Our exports to the rest of the world from abroad, if the rate of interest in this country were the same as in foreign capital markets—say, 9 per cent per annum—the foreign lender of funds to this country could get the same return by investing in foreign markets. It is provided that the value of sterling in terms of foreign currencies was maintained. But if in order to maintain the competitive power of our exports the sterling rate of exchange was depreciating at 10 per cent per annum, the foreigner who could obtain a return

From Professor Ivor H. Mills

Sir, Your leader today (May 8) shows how tragically difficult it is to make economists and politicians understand the biological facts of life. What is happening to man in our society today is exactly what has happened in many other animal societies for half a century. When the crash comes the normal social structure becomes disrupted; discord and violence escalate and finally deaths on a large scale exceed births. The structure of our society was ravaged as the permissive age swept like a forest fire through the country in the 1960's. It is in its aftermath that a horde of disturbed and insecure individuals. The change in mores and codes of conduct moved so fast that parents could no longer control or understand their children. The family, that bulwark of human society, was regarded as non-essential. The burning of marriages and the neglect of children were left to develop through the most crucial years of their lives in the disturbed and insecure environment of social shifting sands. Many of these young people find that their brains are taxed to the limit of their coping powers. The result is that the young has escalated at an alarming rate. Time and time again they have been driven by broken homes, by rowing parents, by demanding school teachers until

they can no longer cope with the
nastiness, perhaps quite trivial, char-
acteristic of the life of the modern
landslide, they demand upon their
servants, they seek oblivion in a hand-
ful of tablets, not caring if the
oblivion is final or not.

Now there are large numbers of
depressed people, depression is
known to lead to irritability but
when it is associated with an intense
drive to succeed, a drive which
raises the arousal level of the ner-
vous system to near its limits, then
the irritability is transformed into
irritability of violence. They may
despoil property or ride roughshod
over the needs of society to win their
demands. The scream for more and
more money and goods is rising to
a crescendo which threatens to
 deafen our ears to the cries of mot-
tled and the weaker and less
well equipped.

One of the most sensitive indices of the health of a society is the birth rate. It is now going down so fast that our population is no longer replacing itself. Yet our infertility clinics are swamped with desperate would-be parents. About a third of the women can be made to ovulate only by the use of drugs which act on their brains. Perhaps the largest single group is the school teachers. Their lives are so much more harassing when so often they have to *earn* the attention of their unruly pupils by intensive teaching methods.

The crash of our society is becoming very much faster than any of us thought five years ago. It demands not economic and political expediency to avenge us, but an understanding of the biological facts. We shall be saved from calamity only if some dramatic and widespread factor suddenly stops us from driving ourselves, our brains and our economy in this destructive spiral.

Yours faithfully,
IVOR H. MILLS,
Professor of Medicine,
University of Cambridge.
May 3.

of 9 per cent if he invested in foreign currencies would obtain a return of minus one per cent per annum in terms of foreign currencies if he invested in sterling. The rate of interest of 9 per cent per annum in terms of sterling on his funds in London would be more than offset by the reduction in the value of the foreign currencies lying at the rate of 10 per cent per annum.

It is not necessary for the foreign lender to this country to decide to recall his existing loans to this country (though there is no doubt that he would soon want to do so) for this situation to lead to disaster. With the present scale of our balance of payments deficit we must in any case be prepared to do so. We are taking effect, be able for a time to attract a continuing supply of new foreign funds to this country; and we live in a fool's paradise if we believe that we can do this by offering the foreign lender a rate of minus one per cent if he could get a return of plus nine per cent elsewhere. Either the Bank of England would have to take measures to raise interest rates in this country from one to nine per cent per annum (which would be a very serious and such traumatic effect on our domestic economy); or else some foreign exchange guarantee would have to be offered to foreign lenders to this country which would in effect involve the equivalent in some form of the Government's rate of return of 19 per cent to our foreign creditors. Such an offer would be necessary not only in respect of new loans to this country but also on existing loans in order to induce foreigners to keep their money invested in this country. The sums involved would be very large.

There is in fact only one effective way out of this mess. We must control our domestic rate of inflation of money prices and costs and bring it at least into line with the rate of inflation in the rest of the world. And this involves a policy of restraint on all fronts. On the demand side, budgetary and monetary policies must be devised to prevent the total money demand for goods and services from rising at more than a moderate predetermined rate. On the cost side, something more effective than the existing informal compact between the price-setters and the industrial wings of the Labour Party must be devised to prevent wage rates from rising more rapidly than is consistent with the maintenance of full employment in conditions in which the expansion of the money demand for the products of labour is restrained at a moderate rate.

Yours faithfully,
J. E. MEADE,
18, High Street,
Little Shelford,
Cambridge.
May 12.

From Mr Francis Russell

Sir, Mr Fuller's article (May 10) on the effects of the wealth tax on the works of art demands a reply because both his specific information is inaccurate and his argument is unconvincing. It is certainly misleading to say that the works of art of the Rothschilds were on public display for over 80 years until last December. Perhaps Mr Fuller is unaware that it was lent to exhibitions in 1910, in 1924, 1927, 1931, 1951-52 and in 1958-69. Three of these were at the Royal Academy and anyone who failed to see the picture on the last occasion could have asked to see it in its former home, and would, like the present writer and numerous others, have been struck by serious interest, having found that English owners are uniquely generous in showing their treasures, treasures the financial advantages of which are generally forgotten. It is a pity that the Rothschild picture was not lent to the Tate Gallery. For Mr Fuller seems to forget that pictures were painted to be enjoyed, often in private, and not to be toyed with as tax counters use a picture as a device.

He seems, moreover, to share the comfortable delusion that the art market is a local phenomenon. The fact is that it is not. However many pictures are sold in this country, Mr Prentice, however many collections dispersed regardless of historical interest and association to appease Mr Jenkins, international art dealers will continue to buy and sell art in this country from going any further than these do already.

For this and other reasons, if the wealth tax is introduced the national heritage is bound to be impoverished and the present content of museums and galleries will be sold at a suspicion of covetousness in those who collect will seem to others to gain too narrow to justify the general loss.

Yours etc,
J. H. B. JENNINGS
The Grange,
East Hanney, Wantage,
Berkshire.
May 10.

From Mr George J. Levy
Sir, Mr Peter Fuller's article (May 10) seeks to show how a Wealth Tax applied to works of art could be used to encourage collections "into the open". Leaving aside the fact, conveniently played down by Mr Fuller, that many thousands of works of art in private possession are already publicly accessible, it is not clear how it could occur to him that such a tax could also have precisely the opposite effect on a very large scale indeed. That is, very many works of art, instead of emerging, would be buried underground. This is notoriously the case in West Germany, in contrast

to Denmark, Sweden and The Netherlands (where works of art are excluded from the Wealth Tax) and where social democracy is not unknown).

The effect of much of the trade in works of art going underground (that is, being conducted in privacy) would mean that the great public auction houses and established dealers would be the losers. And this, in its turn, would mean that the London art market would cease to be treated as an international forum for the purposes of the entrepôt trade which is so great an asset.

These are serious matters which have to be taken into due account before any policy is formulated. Indeed, I am quite sure (May 8) Mr. Hugh Jenkins himself as saying "The art market must not be allowed to fall into illicit channels when such channels become established, and, in any case, no country has a system of fiscal incentives and a balance between public and private collections can operate. I am Government policy that these matters should be fully considered."

Yours faithfully,
GEORGE J. LEVY, President,
British Antique Dealers' Association Ltd,
20 Rutland Gate, SW7.
May 12.

From Mr Theodore Crombie
Sir, Mr Peter Fuller, in his shallow and irresponsible article (May 10) urging the application of the wealth tax to works of art, would wish us to suppose that anyone who possesses more than a very few of the latter can only hold them for resale, speculation and investment. This is, of course, an appallingly narrow-minded travesty of the truth.

Most genuine collectors—and they constitute the vast majority—dislike the idea of so-called investments in works of art as much as Mr Fuller, but they fail to see any sensible reason why they should suffer because it is desired to inflict penalties on a small minority.

Ironically enough, you reported Mr. Jenkins (May 8) as having said that the desirability was under discussion of encouraging pension funds and insurance companies (which would not be subject to wealth tax) to enter the art market. Presumably this idea was for the purpose of the tax, that is, to postpone the problem of the provision of government funds to avoid export, despite the fact that it would constitute one of the few types of art purchase where the market, by definition, essentially alters a matter of investment.

Yours faithfully,
THEODORE CROMBIE,
133 Old Church Street, SW3.
May 11.

From Mr. C. M. Woodhouse

Sir, Lawyers like Sir Michael Havers assure us that United Kingdom is in peril from the EEC, and their argument is convincing so far as it goes. Either an EEC draft proposal adversely affects our vital interests, in which case Parliament is empowered to tell Her Majesty's Government to veto it in the Council of Ministers; or it does not in which case Parliament will allow Her Majesty's Government to acquiesce in the paper. In neither case is the power of Parliament actually diminished.

But Parliament also has power to repeal or amend legislation if it changes its mind, or thinks it has made a mistake, or failed to foresee correctly what effect it would have. Can the lawyers explain how Parliament will exercise that power in the case of EEC legislation?

C. M. Woodhouse,
Bois Mill,
Ladmer,
Buckinghamshire.
May 12

From Professor Arthur L. Goodhart:

Sir, The British debate concerning the interpretation of the word "sovereignty" is regarded by most Americans as being solely of a semantic nature. The most popular view is that the word is interpreted by the United States Supreme Court as that sovereignty means the final authority in regard to a particular subject matter. This arises most notably in the case of disputes as to whether federal (national) law or state law governs a particular case.

Such legal problems are usually not limited in extent, but on occasions the question concerning sovereignty has been of outstanding importance in American history.

Until 1775 the various colonies were subject to the British government in most matters. They held, however,

From Councillor Inigo Bing

Sir, Mr Crosland says "the party" is "over" in relation to local government expenditure. It is an unfortunate phrase because it suggests a glut of spending in past years which has been immoderate. In fact such has been the rate of cost inflation that local government has been frantically trimming its sails to keep as the rate rises this April as low as possible. The fact that desperate attempts to save money have resulted in increased expenditure is evidence enough of the crisis we are in.

Certainly the economic outlook is grave and local government cannot be exempted from becoming a casualty to it but local authorities will insist on a fair distribution of national resources. It seems strange to many of us that public money being spent in support of industry is rapidly accelerating while national support for local government looks like being run down.

The "crisis" is not merely inflation but it is also urban poverty and unemployment, an aging and dilapidated housing stock, juvenile crime, and a shortage of essential public service workers. Inflation exacerbates these troubles in the city centre as the struggle to escape the poverty trap becomes more desperate.

If the solution to these problems is to be at a "standstill" while

that Parliament could not tax them because there could be "no taxation without representation". Parliament, however, in spite of the eloquence of Edmund Burke, insisted that it had sovereign power in this field even though the taxes that were collected were hardly worth the trouble. This illustrates that in the political world practical results may be of more importance than are academic theories.

One of the reasons why sovereignty became of basic importance in the United States was when the Southern States, during the Civil War, sought to resign from the national union. There are still numbers of southern universities which teach that justice was on their side, but no one would argue today that under the Constitution, as it is now interpreted, a State would be entitled to withdraw.

The third time when the nature of sovereignty threatened to become of major importance in the United States was less than a year ago. When the Supreme Court ruled that President Nixon was under a legal duty to disclose his confidential papers to the Special Prosecutor, it was argued that as the court had no power to enforce its judgments the President was under no duty to obey it. He decided, however, not to take a step which might lead to governmental chaos.

Without becoming involved in a controversy which is not of my concern, I might suggest that if the American example were followed, then the present Parliament could confirm the British membership in the EEC, but that any subsequent Parliament could withdraw if it considered this to be necessary. This might be regarded by the other members of the EEC with strong disfavour, but this would not affect the British courts. What the foreign courts would decide is an open question.

Yours sincerely,
ARTHUR L. GOODHART,
730 Fifth Avenue,
New York City.
May 6.

private industry continues to be a recipient from the public purse many of us will question the Government's priorities and their determination to arrest growing in economy.

There is scope for economy and saving in local government spending but it is unlikely to be achieved if the only prospect in sight is a progressively reduced proportion of the nation's resources.

Yours, etc,
INIGO BING, Chairman, Finance and General Purposes Committee,
London Borough of Lambeth,
10 Lambour Road,
Clapham, SW4.
May 12.

Not after midnight
From Mrs M. Nicholls
Sir, After Dr Anita Brookner's reassurance (May 9) to students that all their examination papers will be marked and their results announced as a don's wife I should like to give my own assurance that not a single examination paper will in future get through my front door, let alone remain on the dining table until after midnight, as they have done on frequent occasions during the past 12 years.

Yours faithfully,
M. NICHOLLS,
78 Northumberland Road,
Leamington Spa.

resolving the late industry dilemma, age 21

CBI survey gives warning of job-shedding as wages rise and orders slump

Malcolm Brown
Industrial leaders gave a warning yesterday that industry is moving rapidly into a recession slump and that there will be a sharp drop in demand for the Chancellor's Exchequer's hopes of a rapid recovery next year could be dashed.

Introducing the Confederation of British Industry's fifty-fifth Industrial Trends Survey, J. Campbell Fraser, chairman of the confederation's economic situation committee, said: "The results show that the manufacturing industry is moving rapidly into recession and suggest the recession might be deeper than we have experienced in previous cycles. It could be another nine months before it bottomed out, speculated.

Meanwhile, unemployment is bound to rise and it seemed that the already widespread under-utilization of capacity was going to get even worse.

Summing up what on the evidence of the survey is a thoroughly demoralized industrial sector, Mr Fraser said: "There is widespread pessimism about the general business situation."

Investment intentions were weak and were consistent with "substantial fall in investment in 1975 and 1976". Labour spending was widespread and short-term working was being used to develop into long-term. The value of new orders and output was very weak. "In volume terms the position is worse still", Mr Fraser said.

In the survey conducted last month after the budget shows that half of manufacturing industry is less optimistic about the general business situation than it was

in January at the time of the previous survey.

Only 6 per cent of companies are more optimistic, giving an overall "balance" (the difference between those saying "more up" and "down") of minus 44 per cent. Although not quite as bad as the January result, this is still very low by historical standards.

A major problem is the number of companies now working below capacity. The inquiry, which covers 1,232 concerns accounting for about half the country's manufactured exports and over three million people, found a remarkable 71 per cent of companies working below capacity—the same proportion as during the three-day week.

To make matters worse, CBI economists calculate that on past experience under-utilization of capacity will become even more pronounced over the next few months.

The rapid and consistent fall in new orders since last summer made this entirely predictable. Some 53 per cent of manufacturing industry recorded a fall in the value of orders over the past four months, only 23 per cent saying they had increased. The resulting balance of minus 30 per cent is the worst on record.

Looking to the future a somewhat less pronounced negative balance of 13 per cent expects a fall in new orders in the four months to August, but the CBI says: "Too much should not be made of this possible reversal of trend."

The pattern of output is much the same. Analysing constraints to output, the survey says that the most predominant factor is shortage of orders or sales: 78 per cent of companies (including nine out of ten in the consumer goods sector) cite this as a potential dampener.

One of the report's bleakest

sections covers investment. Some 12 per cent of companies expect to authorize more capital expenditure on buildings in the next 12 months than in the past 12; about 54 per cent expect to authorize less. For investment in plant and machinery the comparable figures are 22 per cent and 49 per cent.

On the basis of this and recent surveys, the CBI says, "a substantial fall in manufacturing investment in 1975 and 1976 must be expected."

The great bulk of those questioned said investment would be limited because capacity was adequate to meet expected demand.

A balance of 40 per cent of companies report reduced employment over the past four months and a balance of 38 per cent expect this trend to continue for the next four months. Both figures are records.

On costs the survey says that nine out of ten companies have experienced increased unit costs since the beginning of 1975. The rising balance of minus 30 per cent is the worst on record.

Disturbing evidence that any recovery on the back of an improvement in world trade next year may be thwarted is contained in the analysis of the export sector where it is quite clear that price competitiveness is being eaten away.

"United Kingdom exporters have become worried about price competitiveness within the context of difficult political or economic conditions abroad," the CBI says. "Fifty-two per cent refer to such conditions—an above-average figure, and cause for concern."

Scottish pessimism: Scottish Industrial Trends, issued in Glasgow yesterday by the CBI's Scottish office, revealed mounting pessimism over export prospects. The falling trend in the value of new orders "is spread broadly across the industrial spectrum".

Table, page 20

Foolmakers near BLMC orders rush

Clifford Webb
British machine tool manufacturers are becoming increasingly concerned about the implications for their industry of the huge £2,000m capital investment programme proposed for British Leyland in a next eight years.

They want urgent talks with a Department of Industry and British Leyland's new management to agree a phased programme of orders which will swamp their manufacturing capacity.

Mr Howard Barrett, director of the Machine Tool Trades Association, said last night: "We have already held preliminary talks with the Department of Industry and are pressing for an urgent formal meeting."

BL's investment programme will also figure prominently on the agenda at tomorrow's meeting of little Neddy for the machine tool industry. The head of one of the largest machine tool makers said yesterday: "This is the biggest single investment programme ever planned. It could form the load for the British machine tool industry for the next 10 years."

But there are two very serious dangers, he said. If rapidly large orders are placed so rapidly they will either have to go to overseas manufacturers, or British firms will have to drop export orders to concentrate on BL's needs.

Another manufacturer said: "We have already identified certain machine tool requirements which will have to be met overseas because they are just or made in Britain."

Union leaders in talks on Chrysler problems

By R. W. Shakespeare
With more than 25,000 car workers already idle, Chrysler's problems are becoming increasingly acute. At the end of the week, top union officials and senior Chrysler management met in London today to try to settle at least one of the present crippling disputes.

A strong trade union team, which includes Mr Jack Jones and Mr Moss Evans of the Transport and General Workers' Union, and Mr John Boyd and Mr Bob Wright of the AUEW, the General and Municipal Workers' Union, will be meeting Chrysler UK executives led by Mr Don Lander, the managing director.

Ostensible purpose of the meeting is to discuss the feasibility of power sharing proposals put forward by the Chrysler management last week, but it is clear that these plans cannot be divorced from the more urgent problems arising from a strike by the 4,000 labour force at the engines plant at Stoke, in Coventry.

This stoppage, in support of a demand for an immediate pay offer although its present wages are well below the industry average, will halt all Chrysler car production, probably by the weekend.

The first lay-offs at the Ryton assembly plant, also in Coventry, will begin tonight and up to 10,000 workers in the Midlands and Scotland could be made idle over the next few days. Another 700 men were laid off indefinitely at the Lincoln, Kentonwood, plant last night, where the press shop has been shut down.

Chrysler shop stewards also

met today, and the 4,000 strikers at Stoke are due to attend a mass meeting tomorrow to decide on their next move. At its meeting yesterday the AUEW's national executive—of which both Mr Boyd and Mr Wright are members—urged a return to work pending further negotiations. Chrysler has offered to put pay proposals on the table by May 23 on condition there is a full return.

Meanwhile more than 14,000 British Leyland workers are now laid off in the Midlands, at Oxford and on Merseyside because of the continuing pay strike by 700 clerical workers which has closed five Daimler component factories in Coventry for the past three weeks. About 2,000 other Daimler workers are also laid off.

British Leyland car production now at a standstill includes the new Marina, Maxi, 18/22, Mini output at Longbridge, Birmingham, could be halted again within the next 24 hours leaving off between 5,000 and 6,000 more at Birmingham and the Castle Bromwich body plant.

The Daimler strikers are due to meet again on Friday. Meanwhile talks between union and management representatives are continuing on the claim for a £10 a week pay increase. Earlier this week they rejected graded increases of between £7.55 and £8.51 for men and a flat £7 a week for women.

At Ford's Dagenham car plant, where 5,000 workers have been laid off for the past fortnight in a manning dispute, production is still stopped.

FT index: 332.2 - 7.5
The Times index: 136.20 - 2.77

How the markets moved

Rises	Falls
London 2p to 25p	London 5p to 65p
State Duties 4p to 20p	London 8p to 445p
London 10p to 250p	London 10p to 312p
London 10p to 52p	London 10p to 110p
London 10p to 100p	London 10p to 375p
London 10p to 160p	London 10p to 387p

Gold rose by 50 cents to \$166.00 an oz. SDR-E was 1.24761 on Tuesday while SDR-E was 0.54076.

Commodities: Reuters Index rose by four points yesterday to 1,075.4.

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THE POUND	Bank	Bank
	buys	sells
Australia \$	1.77	1.77
Belgium Sch	36.50	37.50
Denmark Kr	84.50	81.75
France F	2.42	2.37
Germany DM	12.85	12.45
Italy L	8.35	8.10
Netherlands Gld	5.55	5.35
Norway Kr	68.50	65.50
Portugal Esc	11.60	11.25
Spain Ptas	165.00	160.00
Sweden Kr	5.45	5.45
Switzerland Fr	11.55	11.20
US \$	58.50	54.50
Yugoslavia Dnr	1.57	1.50
Bank of England	131.00	126.00
Bank of France	9.25	8.95
Bank of Germany	5.90	5.70
Bank of Italy	2.35	2.30
Bank of Japan	33.50	37.00
Bank of the Netherlands	5.55	5.35
Bank of Sweden	5.45	5.45
Bank of Switzerland	11.55	11.20
Bank of the United States	58.50	54.50
Bank of Yugoslavia	1.57	1.50

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THE TIMES

BUSINESS NEWS

Midland get Chase stake in Standard & Chartered

By Our Financial Editor
Midland Bank has bought Chase Manhattan Bank's 11.5 per cent stake in Standard and Chartered banking group for £34m.

It is just over a month since Chase—America's third largest bank—under pressure from the United States Federal Reserve Board, made it clear the shares were up for sale.

Orion Bank was appointed to negotiate a deal. Midland, which offered a package of ordinary shares, loan stock and cash, valuing each Standard and Chartered share at 475p against last night's market price of 495p, made the best offer.

Midland, already the holder of 4 per cent of Standard and Chartered, is keen to take a greater participation in the African and Asian banking territories where Standard and Chartered is traditionally strong. It now has nearly 16 per cent of Standard and Chartered, has one of its directors, Mr E. J. W. Hellmuth, on the Standard and Chartered board, and sees long-term advantages.

The deal also reflects Midland's philosophy towards overseas banking of going into partnership arrangements.

Chase Manhattan Overseas Banking Corporation first acquired an interest in Standard Bank in 1965. Five years later Standard merged with Chase, which had a banking business in California.

The Federal Reserve Board agreed then to allow Chase to take shares in the merged group, Standard and Chartered Banking Group, on condition that Chase set about withdrawing its assets from the domestic American banking business.

Long negotiations produced no satisfactory answer, and ultimately led to this year's decision by Chase to divest from Standard and Chartered. Midland was apparently not the only party interested in buying the stake.

Its offer is made up of 6.8m ordinary shares; £7.7m of 104 per cent subordinated secured loan stock and £13.8m cash.

The shares and the loan stock issued to Chase have subsequently been placed in the market by Cazenove at 230 3/16p and 65 1/16p respectively. The placing price of the ordinary shares was 475p, the cumulative value of provisions during the past three years to £52.4m. The group has revealed for the first time that it set aside provisions of £12.8m in 1973.

In a letter to shareholders accompanying the results, Lord De L'Isle, the chairman, who is standing down at the annual meeting in July, says that the climate in which the company has had to operate during the year has been exceedingly difficult and that this continues to be the case.

Referring to the support facilities provided by the Bank of England and the clearing banks, which now total about £300m, he says: "We have been forced to accept a number of possible schemes, including one put forward by Kleinwort Benson which would have entailed

£6m FNFC loss after provisions of £33m

By Christopher Wilkins
Banking Correspondent
First National Finance Corporation, the security bank which recently announced a management upheaval, swung from a profit of £17.9m to a loss of £5.96m in 1974.

Losses arose largely from provisions totalling £33.3m, which brought the cumulative value of provisions during the past three years to £52.4m. The group has revealed for the first time that it set aside provisions of £12.8m in 1973.

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Referring to the support facilities provided by the Bank of England and the clearing banks, which now total about £300m, he says: "We have been forced to accept a number of possible schemes, including one put forward by Kleinwort Benson which would have entailed

separating the group's property loan portfolio from its consumer finance business, but this has been rejected.

None of the other proposals seem to have found favour either, and there is a growing feeling within the support group that there is no option to a protracted funding programme of the sort which has been in operation for several months.

For the first time FNFC has detailed the areas in which it has been making advances and the provisions thought necessary to set against them over a three-year period. As the table shows, the biggest single item in percentage terms was other loans not secured against property. These are primarily loans made against the security of shares.

In addition the group has allocated provisions of a further £10.1m against investments and properties held under contract for sale originally worth £33.7m.

Financial Editor, page 21

Sharp decrease forecast for EEC deficit

Brussels, May 13.—The 1975 current account deficit of the European Economic Community may be reduced to as much as \$5,000m (about £2,170m) from \$13,000m in 1974, Herr Wilhelm Haferkamp, Economics and Monetary Commissioner said here today.

He emphasised that the 1974 deficit was far below the \$20,000m gap previously feared.

Speaking to the Society for Statistics and Economics at Basel, Switzerland, Herr Haferkamp claimed that the EEC had overcome the initial shock of the oil crisis. International financial markets had handled without great difficulty the problems of recycling oil funds and financing huge payments deficits.

Sterling falls to new low despite heavy intervention by the Bank

By Melvyn Weslake
The Bank of England yesterday intervened heavily on the international foreign exchanges in a desperate attempt to stop the pound's "floating" devaluation rate increasing beyond the psychologically-important 25 per cent level.

It was only partially successful, and by the close of trading last night sterling's devaluation against 10 other key currencies since the Smithsonian parity realignment in December, 1971, had reached 25.2 per cent.

This is a further 0.2 percentage point worse than on the previous day, and the weakest level yet.

Official support for the pound was believed to have been the heaviest since the present sharp decline began just over three weeks ago. Some currency dealers estimated yesterday's support at \$200m (about £87m) or \$300m. Others suggested that the Bank's intervention might have cost the country even more.

For the first time since the run on the pound began, the dollar yesterday became embroiled in the agitation on the exchanges, losing ground sharply throughout Europe. The possibility that the weakness of the pound might be communicated to the dollar has been one of the principal fears.

Whether the fall in the dollar was triggered off directly by the weakness of the pound was not wholly certain. The seizure of the American merchant ship by the Cambodians and a further softening in United States interest rates were also cited as undermining the dollar.

None the less, the dollar has remained under suspicion for many months, and with specu-

Shares slip but gilts steadier

Gilt edged stocks were steadier yesterday on the London stock market, although investors remained cautious while awaiting today's disclosure of the United Kingdom trade figures for April.

Longer dated stocks moved forward to end the day with gains ranging to 50p. "Shorts" also started well but proved unable to stay the course.

In the equities market, there was profit taking in the major shares which started in Monday's advance. But the market was showing signs of recovery and reports that marines had been sent to Thailand left share prices unsupported. The FT index closed 7.5 down at 332.2.

WHERE FNFC'S LENDING WENT

	Gross £000's	Provisions £000's
Housing dev	87.7	10.8
Home improv	57.8	5.4
Comm and ind	72.6	4.9
Hotels	24.4	3.9
London and	5.0	5.0
County	32.3	9.0
Other loans	128.3	3.0
Consumer credit	409.0	42.2

Financial Editor, page 21

British Airways TriStar deal will net £4m a year

From Arthur Reed
Paris, May 13
British Airways will earn over £4m a year from the sale of its engineering expertise on the Lockheed TriStar. It will maintain fleets of TriStars for other operators in Europe and the Middle East, Mr Steven Whitcroft, the airlines deputy managing director, announced yesterday.

The first airline to sign the engineering package deal is Gulf Air, which has ordered four of the 350-seater American aircrafts powered by Rolls-Royce RB 211 engines.

The Gulf fleet will be integrated with that of British Airways for maintenance at its engineering base at Heathrow airport.

BA has 15 TriStars on order.

INFLATION ROUND THE WORLD

Country	%	Year to end-March	March
Canada	11.3	0.5	
United States	10.3	0.4	
Japan	14.2	1.0	
France	13.5	0.8	
Germany	5.9	0.5	
Italy	20.3	0.1	
Britain	21.2	2.0	
Belgium	14.4	0.7	
Luxembourg	10.5	0.7	
Netherlands	10.3	1.5	
Denmark	13.4	0.8	
Austria	9.2	0.4	
Finland	18.5	1.5	
Greece	14.2	3.6	
Norway	11.8	1.1	
Portugal	9.7	1.0	
Spain	18.0	0.8	
Sweden	7.8	0.5	
Switzerland	8.3	0.4	
Turkey	25.9	2.1	
Australia	17.2	1.1	
New Zealand	12.8	—	
Ireland	23.8	2.7	
Island	55.8	2.9	

*Monthly average of the first quarter 1975.

lators keen to make profits made from sterling's recent fall, attention has been refocused on the dollar.

Its "floating devaluation" rate against European and Japanese currencies deteriorated yesterday to 11.2 per cent from 10.7 per cent on Monday.

Meanwhile fresh figures compiled by the Organization for Economic Cooperation and Development highlighted the continuing divergence of inflation rates between many of its 24 member countries. For all the nations taken together, the annual rate of increase in con-

Tanker owners confer on lay-up problems

By Peter Hill
Industrial Correspondent
Independent tanker owners representing about 75 per cent of the world's privately owned tanker tonnage are to discuss the possibility of lay-up schemes with the oil industry, international bankers and shipbuilders.

This emerged yesterday after a meeting of the International Association of Independent Tanker Owners (Intertanko) in Tokyo.

The organization, whose members are now faced with a disastrous fall in charter rates and have been forced to cancel large quantities of new building tonnage and lay up many vessels, announced that the scrapping of obsolete tankers would have to be accelerated.

Noting that it had not been the organization's policy to consider and develop lay-up schemes, the statement added: "It was recognized that owners in certain categories might jointly consider ad hoc solutions in this context, and that Intertanko should assist in bringing these members together."

"The present surplus problem is of such magnitude that it was decided to contact other parties connected with the industry, including bankers, the builders and oil interests to dis-

cuss the situation further with a view to considering possible solutions to the severe problem."

Mr Jorgen Jahre, chairman of Intertanko, said at a press conference that the tanker industry would face a "hopeless situation" unless existing orders "for a considerable number" of additional ships were cancelled in the next two years.

In recent months, he said, orders for 102 tankers totalling 25 million tons deadweight had been cancelled, while 358 ships totalling 25 million tons dwt had been laid up. Many other ships now in service, he said, would have to be put into lay-up berths.

Meanwhile, in their latest survey of the shipping scene, H. P. Drewry (Shipping Consultants) estimated that the tanker surplus now amounted to between 50 million and 100 million tons deadweight.

The idle fleet had risen by nearly 9 million tons over the past month to 28 million tons, and the survey forecast that the total could well be 40 million tons for most of the second half of this year.

Total confirmed cancellations, according to the survey, amount to 17.9 million tons dwt, while a further 12.8 million tons dwt are being considered for cancellation.

Financial Editor, page 21

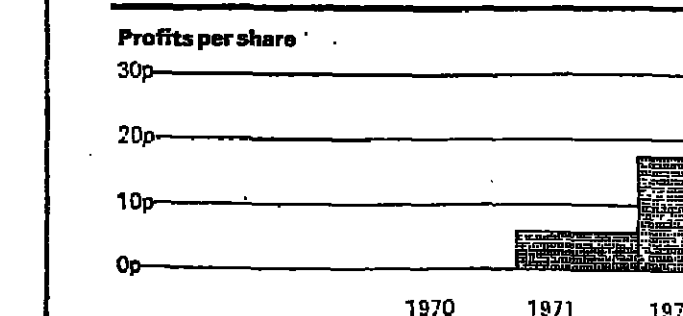
Hestair Limited

Profits up 71% exceed £2M for first time

5 year record	31st Jan 1975	31st Jan 1974	31st Oct 1972	31st Oct 1971	31st Oct 1970
Figures shown in £000s					
Sales:	38,130	22,186	15,816	3,082	2,325
Profit prior to taxation:	2,080	1,224	895	119	(65)
Profits per share (p):	32.2	22.5	17.6	4.5	N/A
Dividend % gross rate:	17.5	10.5	9.0	5.0	1.25

* 15-month period - figures have been computed to a 12-month basis

- Treasury allows 67% increase in dividend covered 6.6 times by earnings.
- Export sales and order books stand at record levels.
- Borrowings continue to fall.
- Earnings per share increased 6 times in three years.
- Profits in 1st quarter of current year ahead of comparable period and support optimism for another record year.



Hestair companies include:
Dennis Motors Famous for fire engines and refuse vehicles
Stanley Winners of Queen's Award for Export of precision seed drills for the world's farms
Thomas Hope Market leader in educational supplies
Angel Toy Group Britain's largest toy distributor
Johnsons of Hendon UK distributors of world famous photographic and hi-fi products—Bolex, Eumig, Durst and Awa

A copy of the report and accounts may be obtained from: The Secretary, Hestair Limited, 1 Harewood Place, Hanover Square, London W1R 9HA. Tel 01-625 4307

Lovell

for CONSTRUCTION

Big holding in Edward Bates gained by Arabs

By Margaret Drummond
A consortium of Arab interests, headed by Prince Abdullah bin Musaid bin Abdul Raham, 33-year-old son of the Saudi Arabian finance minister, emerged yesterday as big shareholders in Edward Bates, the London merchant bank.

This move, which makes Edward Bates the first British authorized bank with a large Arab shareholding, was fore-shadowed three months ago when London Merchant Securities, the industrial holding and property group, headed by Sir Max Rayne, sold a part of its shareholding to Atlantic Assets.

This Edinburgh-based investment trust which was then a large Bates shareholder, had a "garaging" arrangement while Bates searched for new long-term shareholders.

Under the terms of yesterday's deal the consortium, which includes the First Arabian Corporation, has bought 3.56 million shares, equivalent to just under a quarter of the issued equity for 31p a share—just over half the current stock market value.

In addition Atlantic Assets which formerly held nearly a third of Edward Bates's equity, has granted an assignable option exercisable within three years on a further 2.16 million shares at 55p.

It appears that only 2.5 million of the LMS 3.5 million shareholding has passed into Arab hands via Atlantic Assets. To achieve the deal, Atlantic has had to sell 1 million of its own Bates shares to the consortium at 37p—a level which indicates a loss on its original purchase, as well as a huge discount to the current stock market price of 68p.

It is understood that LMS has disposed of the rest of its holding through the market at the much higher prices ruling since the original 37p per share terms were fixed last February.

If the option is exercised it will leave Atlantic with a shareholding in Bates of under 10 per cent, while the Arab interest will hold 40 per cent.

Mr David Keown-Boyd, chief executive of Edward Bates, said there were no immediate plans for a capital injection. The bank would be involved in developing industrial projects both in Saudi Arabia and the Third World, the latter on a commercial rather than an aid basis. Prince Abdullah would join the Bates board.

United Biscuits' £14m rights issue

United Biscuits is to raise £14m by way of a one-for-four rights issue at 75p a share, to enable the group to raise its capital expenditure over the next few years and ensure that the equity base is maintained at a prudent level.

The issue has been arranged by Morgan Grenfell, with Rowe & Pimman, Hurst-Brown and Wood, Mackenzie acting as brokers to the issue.

Financial Editor, page 21

Shotton closure 'will cost only £30m less than modernization'

By Peter Hill
Industrial Correspondent

Closure of steel making plant at the British Steel Corporation's Shotton works would total at least £102.2m in social payments and other costs according to a report by Clwyd County Council, Shotton steel workers and unions. For about £130m investment, the steelmaking plant could be modernized and produce steel efficiently, the report says. This would preserve employment for 4,500 workers instead of making 6,500 workers redundant.

The report is being submitted to Lord Beswick, Minister of State for Industry who is carrying out the government review of BSC's closure programme. Lord Beswick is shortly to

decide whether to preserve steelmaking at the Shotton, North Wales plant, close it down as the BSC wants, or to split development there with investment at Port Talbot.

The report is the latest attempt by the bodies who prepared it to swing the Beswick review in favour of retaining steelmaking at the plant.

According to the report, the investment of £129m to £130m, against the total costs of the BSC's development programme amounting to £4,500m could provide 2,050 million tonnes of hot rolled coil at a cheaper price than coil produced elsewhere, which would have to be transported to Shotton for finishing. It claimed that with the projected investment Shotton could produce coil £10m to £12m a

year cheaper than other steel-making centres.

The report also questioned the arguments and theories developed by the BSC in defence of its closure plan over the potential of Morpeth dock for receiving cargoes of iron ore, which could then be transported the short distance to Shotton.

Based on studies carried out by H. P. Drewry (shipping consultants), the report argued the BSC's assumption that only exceptionally large ore carriers of 150,000 tons capacity would be used to ship ore to the United Kingdom was incorrect. "Morpeth could be developed to accommodate ore carriers of up to 100,000 tons with no direct capital investment required from the BSC.

CBI's 56th industrial survey, April 1975

1. Are you happy or less happy than you were last survey? (in %)									
Happy	44	30	22	10	10	10	10	10	10
Less happy	56	70	78	90	90	90	90	90	90

2. Do you expect a substantial increase in the cost of raw materials in the next 12 months? (in %)									
Yes	75	75	75	75	75	75	75	75	75
No	25	25	25	25	25	25	25	25	25

3. Is the present rate of output for your factory, plant or workshop satisfactory? (in %)									
Satisfactory	21	28	31	34	34	34	34	34	34
Not satisfactory	79	72	69	66	66	66	66	66	66

4. Do you expect a substantial increase in the cost of labour in the next 12 months? (in %)									
Yes	75	75	75	75	75	75	75	75	75
No	25	25	25	25	25	25	25	25	25

5. Do you expect a substantial increase in the cost of capital in the next 12 months? (in %)									
Yes	75	75	75	75	75	75	75	75	75
No	25	25	25	25	25	25	25	25	25

6. Do you expect a substantial increase in the cost of energy in the next 12 months? (in %)									
Yes	75	75	75	75	75	75	75	75	75
No	25	25	25	25	25	25	25	25	25

7. Do you expect a substantial increase in the cost of transport in the next 12 months? (in %)									
Yes	75	75	75	75	75	75	75	75	75
No	25	25	25	25	25	25	25	25	25

8. Do you expect a substantial increase in the cost of other inputs in the next 12 months? (in %)									
Yes	75	75	75	75	75	75	75	75	75
No	25	25	25	25	25	25	25	25	25

9. Do you expect a substantial increase in the cost of other inputs in the next 12 months? (in %)									
Yes	75	75	75	75	75	75	75	75	75
No	25	25	25	25	25	25	25	25	25

10. Do you expect a substantial increase in the cost of other inputs in the next 12 months? (in %)									
Yes	75	75	75	75	75	75	75	75	75
No	25	25	25	25	25	25	25	25	25

LETTERS TO THE EDITOR

Bread companies: call for a return to the bad old days

From Mr P. N. Davies
Sir, Mr Hawkins puts his arguments ("Dubious grounds for banning bread discounts") so succinctly in his letter to you (May 9) that there is little more to be said. It is a bald statement of fact that, simultaneously, the bread industry is being investigated to ensure that it acts competitively—whilst being on the receiving end of a wiggling by the DPCP for being too competitive.

In fairness, the reference to the Monopolies Commission made by a previous Conservative administration. And the bread discount limitation policy began with the most excellent objective of protecting public money.

But two points are worth making:

1. The bread industry, by agreeing initially to cooperate reasonably with ministers and officials of impeccable intentions and undeniable good sense, now finds itself the butt of criticism and comment from all quarters. This is unfair.
2. In the complex and highly competitive real commercial world, sound government intentions translated into rapid action mean growing chaos as loopholes are found, exploited and stopped-up—only at the expense of more and more rules, some of which in turn prove inadequate—and so on ad infinitum.

Perhaps this is naive in 1975, but there are some of us in the industry who now believe that the bad old days of no

subsidy, fierce competition, and a need to consult a book of rules before making a simple commercial judgment, were better than this.

Yours faithfully,
P. N. DAVIES
Executive Chairman,
Allied Bakeries Limited,
Regent Arcade House,
19-25 Argyll Street,
London, W1.

From Mr E. Aylett Moore
Sir, I was most interested in your report yesterday on bread prices and discounts. Perhaps I could make a final point.

Carrefour passes on the benefits of efficiency resulting from a combination of modern baking techniques and Associated Family Bakers, a co-operative bakery of which we are members, and improved retail methods at Carrefour Eastleigh.

In this case, the legal maximum discount of 22 per cent prevents the savings being passed on to the hypermarket, and thus we are able to reduce the price at Carrefour by 11p only.

In a sense we are prevented from extending the full value of total efficiency to a suffering housewife.

The question of subsidy is irrelevant except as a ministerial stick.

E. AYLETT MOORE,
Carrefour,
Hypermarket (Holdings) Ltd.,
St George's House,
St George's Street,
Winchester, Hants.

Academic definition of luxury

From Mr D. G. M. Sanders
Sir, Recent correspondence in your columns suggests that the attempted definition of luxury for taxation purposes is becoming somewhat academic.

On Thursday, Mr Miller suggested that the Chancellor's after revenue. However, I fear that the imposition of a 25 per cent VAT rate on boats could be described as petty. It will only raise some £3.5m in tax, people go on buying boats.

With the inevitable drop in sales the tax cannot be regarded as a revenue raiser of any substance and it is certainly going to put a brake on the growth of one of the country's best sports.

Surely even Mr Healey cannot still be among those who believe boating to be the sport only of the well-to-do. There are a few other activities which are enjoyed by such a cross-section of the population. Think canoeing, rowing, dinghy sailing, water skiing or just messing about in boats. Why was boating the only sport to be penalized by a 25 per cent VAT rate?

Yours faithfully,
D. G. M. SANDERS,
President,
The Ship and Boat Builders' National Federation,
31 Great Queen Street,
London, WC2B 6AD.

Bread price controls to continue

By Hugh Clayton

Bakers were told yesterday that the Government considered the proper use of public funds more important than deep price cuts on bread. The statement came from Mrs Shirley Williams, Secretary for Prices and Consumer Protection, who said at the annual luncheon of the Bakers' Federation: "Some of you would not object terribly to beating me over the head with discount controls."

After praising the federation for its conduct in talks about price controls in the past year, she made it clear that she was prepared for only minor adjustments to the Government's programme of bread price controls.

Her offer to examine suggestions for making discount controls "fairer and more equitable" fell short of the appeal made before she spoke by Mr Theodore Curtis, retiring chairman of the federation.

He had called on her to recognize that discount regulations, pegging of shop prices and "the need for going to the Price Commission before coming to you" were incompatible. He wanted "a review of the whole system of bread price control."

But after saying that she and the federation had always met in an atmosphere of "mutual respect and admiration" Mrs Williams said there was little chance of radical changes in the Price Code this year. She added that control of discounts was essential, and that the bread subsidy had benefited the industry as well as shoppers.

Subsidized foods provided two-thirds of the nutritional needs of poor families.

Shah expected to finalize Iranian rescue operation for Pan Am during US visit

From Frank Vogl
Washington, May 13

The Shah of Iran starts a three-day official visit here on Friday which is widely expected to be highlighted by the signing of an agreement that will rescue Pan American World Airways from the brink of bankruptcy.

A huge loan by Iran to Pan Am is involved. The airline will use the money to reduce its outstanding debts.

Negotiations on the loan and on Pan Am's debt repayments have been going on for six months. Informed banking sources say that all main issues have been resolved and no difficulties are expected in getting

approval for the agreement from the White House and the Civil Aeronautics Board.

A few minor points still have to be resolved with Pan Am's chief lenders that could wreck the deal at the last minute. Even if it goes ahead, which is most probable, the long-term survival of the airline will greatly depend on improved efficiency.

Key points of the agreement appear to be:

- 1) Iran will make a \$245m (about £106m) loan for 10 years at an annual interest rate of just over 10 percent. Repayments will be suspended until the fourth year of the agreement.
- 2) Iran will pay \$55m for a 55

per cent shareholding in the airline's hotel subsidiary, International Hotels.

3) Iran will obtain warrants to purchase up to six million Pan Am common shares at \$2.50 per share, which is exercised will give Iran an initial shareholding of about 13 per cent.

4) Pan Am will purchase its \$389.2m of notes held by some 90 institutions at 51 cents on each dollar.

5) Pan Am's banks will extend their \$125m credit for an additional year after the expiration date of September 30, 1975. So far \$90m has been drawn. Pan Am had losses of \$59m in the first quarter of this year and desperately needs injection of long-term funds.

Oil platform 'rescue' by balloon fails

Attempts to use giant plastic balloons to refloat a 6,500-ton North Sea gas production platform that sank seven months ago about two miles from its drilling position on the Frigg gas field, have been abandoned.

The accident has contributed to a 12-month delay in bringing gas from the Frigg field into the United Kingdom distribution network. Elf, the French oil company in charge of the Frigg field development work, decided to abandon the balloon idea after they were found to be leaking slightly.

At the end of the month a giant floating crane and steel flotation tanks will be used in an attempt to lift it.

If this fails, Elf will use a concrete structure that was to have been used as a manifold platform halfway along the pipeline. It is being converted to act as a drilling structure and production platform.

Haulage costs up 19 pc

Haulage costs were up 19.33 per cent in the eight months to February, Mr Kent Hatcher, chairman, said at the annual dinner of the Road Haulage Association in London last night. Further rises were to be notified shortly. He urged members to dissuade newcomers from entering the industry while tonnage was declining.

VW seeks Chrysler link

Volkswagen has asked for a meeting with Chrysler Corporation officials said in Detroit yesterday. It is believed Mr Toni Schmuckler, Volkswagen chairman, wants to form a partnership with an American company to build VW cars in the United States.

Plywood imports check

The Department of Trade is investigating allegations that prefinished plywood from Singapore and Taiwan is being dumped in the United Kingdom. The plywood industry has complained of the low price of imported material.

Boost for components

A change from electro-mechanical to electronic switching systems in the telephone network will mean a lot of new business for the components industry, Sir Edward Fennessy, deputy chairman of the Post Office, said in London yesterday.

Italy seeking £870m

Italy wants to draw \$2,000m (about £870m) from the loan which the oil-producing countries, EEC officials said.

World stocks of aluminium at record level

By Edward Townsend

Total world stocks of aluminium were approaching 4.5 million tonnes at the start of last month, a further indication of the downturn in demand which has hit producers and fabricators in most western countries.

Figures issued yesterday by the International Primary Aluminium Institute in London show that total aluminium inventory at the end of March stood at a record 4.474 million tonnes compared with 4.217 million the previous month and 2.802 million at the end of March last year.

The IPAI figures, which do not cover communist countries, show that stocks of primary aluminium at the end of March were 2.855 million tonnes, more than double the level of 1.309 million tonnes recorded at the same time in 1974.

Business appointments

New assistant managing directors at Thos Ward

Mr Harry Draycott and Mr Peter Frost, directors of Thos W. Ward, have been made assistant managing directors. Mr David Wolstenholme, group chief accountant, becomes finance director.

Mr M. Al-Payed has become a director of Edward & Costello. He recently joined the board of Lough with special responsibility for its construction, shipping and oil interests.

Mr W. Bowden, who is shortly retiring from the Standard and Chartered Banking Group, has resigned from the board of London & Dominion Trust Holdings and London & Dominion Trust UK.

Mr R. J. Kinnis, financial controller designate of the Standard and Chartered Banking Group, succeeds him on both boards.

Mr J. A. Hayward, general manager, industrial division, and Mr B. K. Sappelhurst, general manager, trade and retail division, have become directors of Donald Macpherson Group.

Mr G. T. Cooper and Mr G. G. Gardner have joined the board of Canning Towse Glass. Both are directors of Arthur Bell and Sons.

After a reorganization at the Peninsula Motor Group, Mr Colin Wilkinson has relinquished the chairmanship and been succeeded by Mr Stephen Watling.

Mr Robert Adams has been made commercial director of Jarrold.

Mr J. A. W. Nichols joins the board and becomes chairman of Third Mile Investment. Mr S. P. M. Pezz also becomes a director. Mr H. C. Newton, Mr F. C. Thrush and Mr M. S. Thrush have resigned from the board.

Mr E. T. Newby has become a director of Sandhu Holdings.

Mr H. Meli has been made a director of Unilever and Unilever NV. Mr G. D. A. Kilpatrick has not offered himself for reelection. He has become an advisory director of Unilever NV. Mr H. S. A. Harrow has retired as an advisory director of Unilever NV.

Mr John Faulder has joined the board of Charthouse Development.

The board of AMF Incorporated has elected Mr W. Thomas York

BANCA NAZIONALE DEL LAVORO

Condensed Statement of Condition of the Bank and its Special Credit Sections as of December 31, 1974

LIABILITIES		(In Pounds Sterling)*	
		31.12.1974	
Capital and surplus		314,508,636**	
Amortization of investment, premises, etc.		47,895,857	
Deposits, bonds in circulation, etc.		7,590,172,952	
Other liabilities		789,178,902	
Net profit		10,662,059	
		8,752,218,206	
Guarantees, acceptances, confirmed letters of credit, etc.		893,774,128	
Forward foreign exchange sold		961,923,457	
Creditors for forward foreign exchange transactions		883,769,169	
		11,491,684,960	
Depositors of securities		2,725,386,558	
Deposits of securities with third parties		1,067,325,906	
		15,284,397,424	
ASSETS			
Cash and due from banks		1,499,934,019	
Government and other securities		1,302,681,487	
Loans, discounts and Correspondents		5,234,772,098	
Other assets		529,309,386	
Investments in subsidiaries and affiliates		56,866,521	
Premises, equipment, etc.		128,654,895	
		8,752,218,206	
Customers' liabilities for guarantees, acceptances, etc.		893,774,128	
Debtors for forward foreign exchange transactions		961,923,457	
Forward foreign exchange bought		883,769,169	
		11,491,684,960	
Securities on deposit		2,725,386,558	
Securities deposited with third parties		1,067,325,906	
		15,284,397,424	

* Equivalent of the Italian lire amounts converted at the year end official rate of exchange.

** Of which 1,967,858 due by capital subscribers.

HEAD OFFICE: Via Vittorio Veneto, 119 - Rome
BRANCHES throughout Italy, in London, Madrid and New York.

SUBSIDIARIES ABROAD: Lavoro Bank A.G., Zürich; Lavoro Bank Overseas N.V., Curaçao.

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LONDON BRANCH:
33/35 Cornhill - London E.C.3
(Temp. address: 59/67 Gresham St. - London E.C.2)

Stern Group flats and the tenants

From Mr Frank Brown
Sir, I am puzzled by Mr Peter Hering's letter (May 7) about the Stern blocks of flats. The existence of tenants' associations as first option purchasers of these blocks was established a year ago by the broadly based Conference of Private Residents Associations.

Individual transactions by associations became impossible because it was found, where negotiations commenced, that the mortgage charges outstanding on blocks were considerably in excess of any reasonable or viable purchase price which could be expected following the collapse of the market.

Therefore, there was no alternative but to ask the Department of the Environment and the Housing Corporation to intervene with a view to arranging sources of finance, or to negotiate with the creditors as a whole in order that the wishes of Stern tenants' associations could be met (41 attended the meeting where a mandate was given to my standing committee and our honorary adviser, Mr Muir Hunter, QC).

Following the acquisition of the residential portfolio of the Stern Group, the idea is that structures should then be found to allow for cooperative ownership schemes by tenants collectively.

There is no straightforward way of achieving this, because it is something new and the values of these highly mortgaged blocks of flats have hardly improved in the past year, especially if one takes into account the question of accumulated dilapidations.

The private housing sector covering rented and long-leasehold flats is in pretty poor shape. Events have shown that private investment companies operating as landlords have proved unsuitable to present day needs. Charges amongst the 350 associations who coordinate information and policies through COPRA, there is an overwhelming desire that the tenants themselves should take charge of their own future as reliable custodians of both properties and mortgages.

Yours, etc.
FRANK BROWN,
Chairman,
Zenith House,
8/9 St Chad's Street,
London WC1
May 9.

have specifically request their local authorities to purchase and become their landlords. What prompted such a request was their fear becoming rent-paying tenants of yet another private landlord organisation, having already in 1964 had three successive changes of ownership, MEP Swallow Securities and Metropolitan Holdings.

As the chairman of the first block of flats to enter into negotiations with the Receiver and subsequently under an umbrella of COPRA, I encourage other associations to do likewise, let me add a following personal view because of the different type of blocks which exist in the Stern Group, the ultimate solution for each of them should be different too.

It would, therefore, in the long term, be a more satisfactory situation for the tenants under the umbrella of the Housing Corporation, each turn were invited to form type of association best suited to the particular block as their occupants, be it co-ownership, co-operative, house association or whatever other format is available.

Yours faithfully,
S. WALDMAN,
Chairman,
Buckingham Avenue Mansions, 39 Buckingham Mansions, West End Lane, London NW6.

owen

owen

owen owen limited
Department store group

Results highest in company's history

Points from Mr. J. A. H. Norman's circulated Statement:-

- Group pre-tax profits increased by 34% with UK stores, Canadian stores and Plumb Contracts all contributing.
- In the UK stores there was an increase in the real volume of merchandise sold. This has continued through the first quarter of the new trading year.
- In the Canadian stores, last year's trading performance maintained the unbroken sequence of profit increases over sixteen successive years.
- Plumb Contracts Limited completed a further successful year.

Trading results for the 52 weeks ended 25th January

	1975	1974
Sales	£51,083,000	£44,115,000
Group profit before tax	£2,181,000	£1,633,000
Net dividends	2.18p	1.96p
Earnings per ordinary share	10.38p	8.40p

Copies of the Annual Report and Chairman's Statement can be obtained from the Secretary,
Owen Owen Limited, P.O. Box 145, Liverpool, L69 1BD.

JAN 14 1975

BY THE FINANCIAL EDITOR

Gauging the extent of FNFC's surgery

It is just about possible to begin arguing a good, if speculative case for investing in First National Finance Corporation. Admittedly, the auditors are expected to have reservations about some of the sectors' valuations and cumulative provisions totalling just over 10 per cent of the loan portfolio are notably less radical than those of UDT and Mercantile Credit. But the "lifeboat committee" has said it is prepared to go on underwriting the group's continuing existence, and at 8p the shares are valued at only a quarter of the net worth, after provisions, of 31.6p.

The doubts, of course, revolve around what kind of future FNFC now faces. To date, there has been no significant reduction in the size of the balance sheet, the fall in total assets from £543m to £501m being mainly explained by the £33.3m provisions. But since the "lifeboat committee" accounts for some £300m of the group's £444m deposits and other liabilities, and clearly hopes to get its money out some time, it seems inevitable that the total size of the loan portfolio will fall rapidly as existing loans are repaid. In FNFC's case, moreover, the £125m consumer credit book, the healthiest part of the business (indeed the only part which has foreseeable growth prospects), remains relatively small in the context of total loans of £367m.

So even if the "lifeboat committee" is prepared to stay in for a long time, FNFC faces a more radical contraction than either UDT or Mercantile. And in the meantime there is always a possibility of a restructuring in which shareholders' interests may not be regarded as the most prominent consideration. Good case or not, the shares remain a real gamble.

Final 1974 (1973)
Capitalization £77m
Pre-tax loss £5.96m (£17.94m)
Earnings per share (71p)
Dividend gross 1.57p (2.52p)

United Biscuits

Improving the ratios

Strong though the recovery in the Staveley share price may have been so far this year, it has simply not been enough to lift the shares sufficiently above par value for the group to risk a rights issue straddling the referendum. Hence the decision to go for a placing. By contrast the United Biscuits price never quite slipped to its par value in the depths of the bear market and has since more than trebled, leaving the group in a strong position to launch its £14m rights operation yesterday.

Not that United is in any desperate need of the cash. The group even managed a small reduction in working capital last year and, though it has probably squeezed just about as much as it can out of tighter cash control, it should at least have considerable reserves moving in its favour this year. Looking beyond that, a fair chunk of the group's £43m net year-end borrowings were made up of overseas loans repayable within five years, but United reckons that the major part—the £32m loan for the Keebler acquisition—should be comfortably taken care of given Keebler's internal cash generating capacity and the fact that it was totally unsecured on acquisition.

In short, one is looking largely at a balance-sheet exercise—year-end net assets were £46m, including £13.3m goodwill—and the raising of funds for capital investment and future expansion. A proposed 25 per cent increase in the net dividend



Mr. Pat Matthews, of First National Finance Corporation: the "lifeboat committee" remains patient.

pushes the prospective yield on the new shares up to 5.8 per cent—the rights themselves being worth 4p a share with the ordinary closing 6p down at 95p last night.

Ranks Hovis

The falling grain price

Although the interim results were much in line with market expectations, the interest in Ranks Hovis McDougall essentially revolves around the prospects for the bakery division. That this lost £2.3m at the trading level in the first six months to the beginning of March is explained by the combination of price controls, historically high grain costs and to a lesser extent, a strike last December. That the Prices Code is becoming more sympathetic to the industry—at least for the present—and that grain is becoming easier points to the better than breakeven for the year as a whole.

This apart, there was, apparently, an across-the-board improvement, with agricultural products seeing advances in seeds and fertilizers overcoming setbacks in animal feeds. So, while groceries, milling, cereals and overseas also making progress, group turnover was ahead by over 16 per cent at £400m and pre-interest profits up by 39.4 per cent to £18.7m. But at this point the reasons behind the £15.8m rise in profits were not less than the increase in interest charges having risen £2.5m to £6.15m.

At this stage, full recovery to 1972-73's £27.9m appears a little on the optimistic side, although the forecast that profits would not be less than £15m is a little conservative. Assuming something around the £27m mark, RHM shares at 41½p are selling at just over 9 times prospective earnings with a yield of 9.3 per cent.

Midland Bank's £52m rights issue did something to improve its loan capital to deposit ratio, but even with the extra cash under its belt it remains the weakest of the big four banks. To judge by the financing of the Standard & Chartered, Midland is fully aware of the need to go on building up capital, hence the issue of £20.5m of new paper, alongside £13.4m of cash.

With only 16 per cent of S & C, Midland will not be able to consolidate the stake, so the new loan stock will represent a straight, if small, improvement in the capital ratio—effectively a £20.5m extension of the rights issue.

What could help would be a further substantial fall in grain prices.

Interim: 1974-75 (1973-74)
Capitalization £113m
Sales £400m (£344m)
Pre-tax profits £13.2m (£12.5m)
Dividend gross 1.675p (1.625p)

Laing and Costain

Comparisons in construction

In many respects the picture to emerge from the annual report of John Laing and the preliminary figures of Richard Costain is remarkably similar. Both companies have done well over the past year, although Laing's performance has been marred by a £3.78m provision above the line for a reduction in the value of some sites held for residential and commercial development. Both expect to do reasonably well in the current accounting period and in both cases the very sharp rise in interest costs is attributed almost entirely to higher rates. Both companies are dismally about their United Kingdom prospects, and both are relying on their overseas interests to save them from the impending rigours of 1976.

There are similarities and Laing derives only 30 per cent of its profits (before tax and provisions) from its overseas activities, while at Costain, despite some Australian problems, the proportion last year was over 60 per cent. Laing's ordinary shares, at 158p, yield over 2 per cent, while those of Costain, at 187p, yield 3.2 per cent. The London and Arab interests add a little more in Costain's favour, but neither share has immediate attractions.

Richard Costain
Final 1974 (1973)
Capitalization £46.2m
Sales £193m (£150m)
Pre-tax profits £10.7m (£9.6m)
Earnings per share 21p (20p)
Dividend gross 5.91p (5.25p)

John Laing
Accounts 1974 (1973)
Capitalization £56.5m
Net assets £49.7m (£46.6m)
Borrowings £9.09m (£9.03m)
Pre-tax profit £7.44m (£10.3m)
Earnings per share 15.1p (14.4p)

Nurdin & Peacock

Sales value rises sharply

Nurdin & Peacock must be one of the few retailers to emerge from last year with margins more or less unchanged. But Nurdin's figures include some special factors, notably the benefits of the previous year's expansion programme and the absence this time of the run-up in costs that went with it. Moreover, second-half profits show only a relatively modest improvement—15 per cent—given a sales rise of over two-fifths—over half of which must be ascribed to inflation pure and simple.

What is unclear now is how much more Nurdin can squeeze out of the existing selling area, given no apparent commitment to new openings in the current 12 months. But the group states that sales in the first four months are continuing to rise by around 40 per cent and that registrations have been increasing. Additionally, there will, of course, be some recovery after last year's 10 per cent gross margin cut. The shares, at 75p are on a p/e of 9 and yield an unexciting 3½ per cent.

Final: 1974-75 1973-74
Capitalization £9m
Sales £103m (£76m)
Pre-tax profits £2.08m (£1.60m)
Earnings per share 8.27p (6.68p)
Dividend gross 2.58p (2.33p)

The state industries dilemma: why the chairmen are marshalling their forces

Richard Marsh has picked up the flickering torch set down by British Steel Corporation chairman, Sir Monty Finniston, as principal spokesman for the state-owned industries, and it will be the British Rail chairman who carries the light into 11 Downing Street—or it may yet be number 10.

Behind this week's decision by the chairmen of Britain's state-owned enterprises to seek a meeting with either the Prime Minister or the Chancellor of the Exchequer is a chronicle of growing disenchantment between the public sector and government. The disenchantment reached its zenith in the controversial public debate between the BSC chairman and Anthony Wedgwood Benn, the Secretary of State for Industry, over the BSC's plans to sack 20,000 workers in the next few months.

This row more than anything else has underlined the disillusion in the public sector with the way government has interfered in the affairs of state organizations.

That the BSC, faced with losses of £2.5m a week in a world market likely to remain depressed for at least the next nine months, has determined that drastic pruning of its over-large labour force must be carried out is, of course, anathema to Mr Benn and other government ministers. With an eye on the rising number of unemployed, they believe that a cutback is unthinkable and unnecessary.

It should not be thought that this is the only area where the BSC is seeking to effect economic, however far from it. But



BSC chairman Sir Monty Finniston: the debate about redundancies underlined the public sector's disillusion over government interference.

It is precisely this dilemma—to reconcile the statutory objectives of the state industries to operate on commercial lines with their relations towards the Government—that is at the heart of the public enterprise chairmen's initiative in the forthcoming Downing Street talks.

The fact that the public sector chairmen have chosen to confront the Government (Mr Marsh would prefer to describe it as simply exchanging views) at this time of economic crisis and so soon after the public row between Sir Monty and Mr Benn is to some extent coincidental. For some years the chairmen of the largest public sector organizations have been holding informal luncheon meetings, usually in a British Transport Hotel, to discuss matters of mutual interest.

Under the chairmanship of Mr Marsh, with his useful ministerial and Whitehall experience,



Mr Freddie Wood (left), part-time chairman of the National Bus Company, and Mr Nigel Foulkes, chairman of the British Airways Authority: the composition of the public sector team reflects the desire of the smaller corporations for a say in the debate over government-state industry relations.

explosion, but the big bang will not come until the Downing Street meeting.

The team which will represent the interests of the state industries reflects the desire of the smaller corporations for a bigger say in the debate over government-state industry relations. It will include Freddie Wood, successful entrepreneur and part-time chairman of the National Bus Company, and Nigel Foulkes of the British Airways Authority, although there is little doubt that most of the talking will be done by Mr Marsh and Sir Monty.

As Mr Marsh observed, the problems of government intervention in their affairs have been with the state industries for more than 30 years and there is nothing particularly new about them. But what is new is that the chairmen of these enterprises, which represent a vital element in the British economy, have decided



as a body that the time has come for a complete reassessment of their role in maximizing their contribution to the national effort.

The Government has at long last decided that the regime of deficit financing in the public sector must be brought to an end, to the relief of many state industries, but the question of pricing policies and the freedom of movement allowed to the state sector will be one on which the chairmen will want some clarification. There is also the question of redundancies (pace BSC) and the operation of the social contract in the context of the state sector.

Above all, the chairmen want to air their views on the difficulties of operating a huge state organization according to the statutes laid down by Parliament, while at the same time having to reconcile those objectives with changes in government policy and, perhaps more important, in sponsoring ministers.

The dilemma faced by the state industries was further highlighted by the Labour MP for Cannock, Gwilym Roberts, who yesterday said that he wanted the chairmen of each nationalized industry to be a civil servant.

"We seem to have two policies—one by the Government and another, it seems, set out by the industry chairmen, which do not necessarily follow government objectives," he said. The nationalized industry chairmen could not have expressed the situation more succinctly.

Peter Hill

Honeywell's French connexion sends tremors through the European computer industry

Kenneth Owen

Systems, which in turn is owned 18.5 per cent by General Electric (US).

Estimated turnover of the new company was corrected yesterday by Honeywell from the £375m which was quoted on Monday to "nearly £300m". CII's existing minicomputer, military and communications business—and the company's Toulouse factory—will not be included in the new company.

Last night Philips, commenting on the prospects for Unidata after the French reorganization, said in essence that the collaboration between Philips and Siemens under the Unidata banner would continue. CII's liabilities in the context of Unidata were being taken into account in the restructuring of the French industry, and the sale of Unidata products could continue in competition with the products and programmes of Honeywell.

In the immediate future the details are to be agreed and French Government approval secured before the proposed new French company can settle

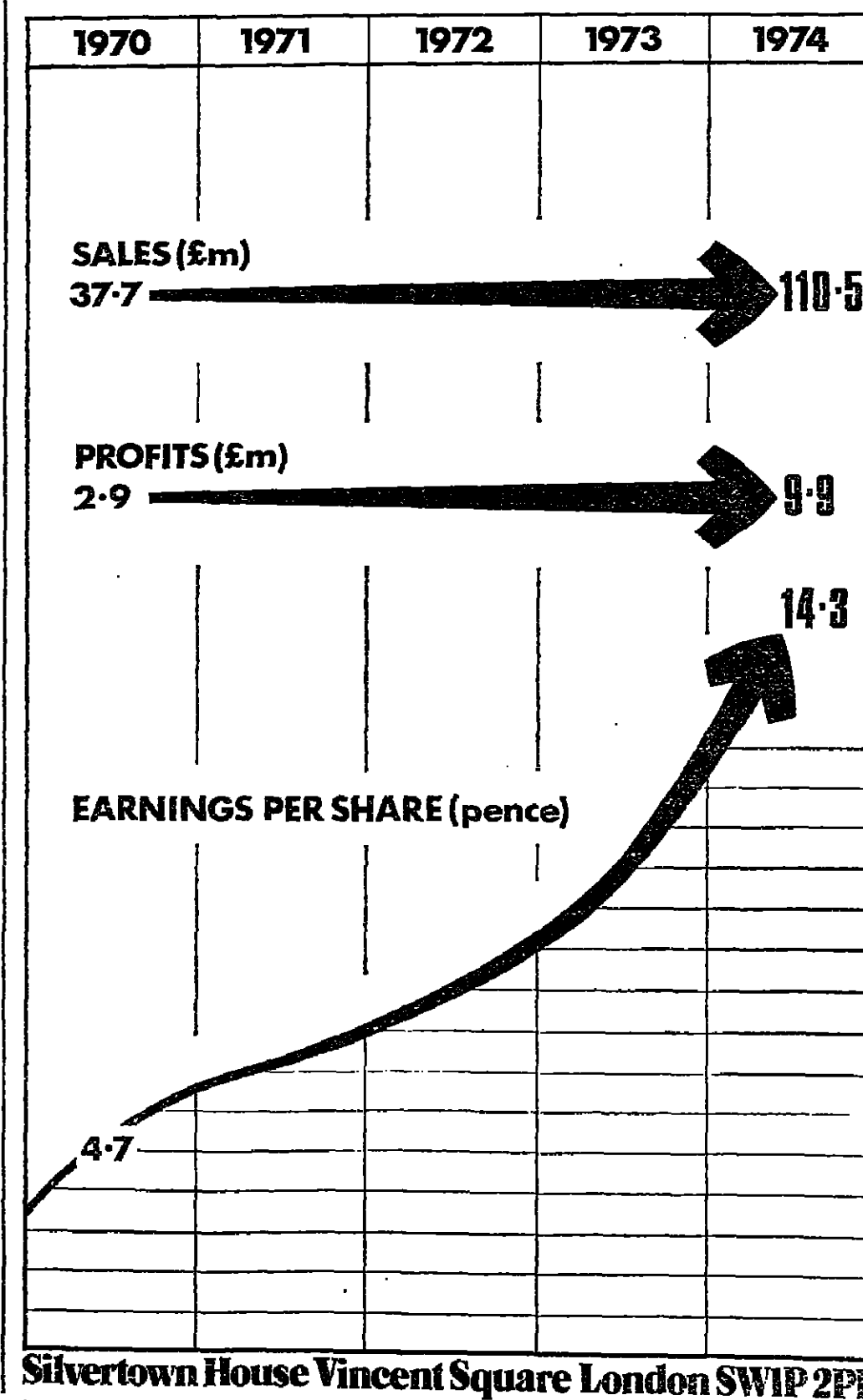
down to business. Contracts may be signed and the company may be operating by the early autumn, Edson Spencer, the Honeywell president, has suggested.

No head has yet been named for the new company, though Jean-Pierre Brule, of Honeywell Bull, is regarded as a favoured candidate.

Even when the details are settled and the new company is operating, "settling down" will probably be the wrong phrase to use. Once again, as on the occasion of its General Electric acquisition, Honeywell will be faced with the need to slim down the merged operation and to cope with a proliferation of different models.

Possibly the French merger will provide the stimulus which Unidata has needed for the remaining two partners really to impose a strong unified management on their computer operations. "You can't run a company with a troika," one managing director said, "and this is exactly what Unidata have done up to now."

BTR - the record



Business Diary: Meriden's manager • Felixstowe on film

David Jones, the newly appointed managing director of the Meriden Motor Cycle Co-operative, chuckled yesterday at our Business Diary suggestion that as the only professional manager and non-trade unionist in a worker-owned set-up he was putting his head into the lion's den.

"Not a bit," he replied. "Although the cooperative was set up with government money, it has the same criteria as any other company. It stands or falls by its ability to make profit."

And think how lucky I am! No worries about wage negotiations for me. The workers' representatives will decide how much they should get depending on the cooperative's success. Although I shall sit in on these talks, I shall not make decisions."

It will be a very different kettle of fish from his last job as manufacturing director of Jensen Motors, West Bromwich, the prestige car company owned by American millionaire Kjell Qvale. When his workers began a go-slow in support of a pay claim, Qvale threatened to close the plant and go home.

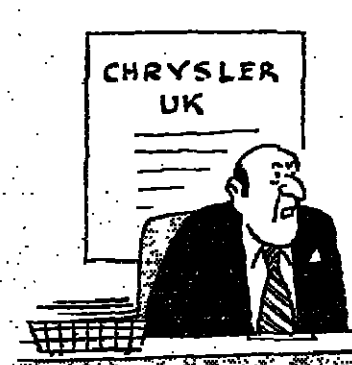
Jones, a 60-year-old engineer, started his career with Vickers. Before he moved to Jensen two years and a half ago to expand production of the Jensen Healey, he had spent 22 years at Simon Engineering, Stockport. Last night he confessed to knowing little about motor cycles, other than having a motor cycle "of another make" in the garage at home.

board of directors. And he will be able to call on the advice of Geoffrey Robinson, the co-operative member of the Meriden board, who until his resignation four days ago was managing director of Jaguar Coventry.

Jones's salary is not being revealed, but he will be one of the only two people on the payroll of 300 getting more than the flat rate of £50 a week. The other is the company secretary, Brenda Price.

At a preview in London yesterday of the ports new centenary film (to be shown to MPs this week not entirely without hope of influencing their views on the nationalization issue) Larry O'Donnell, Transport and

Long before Tony Benn started preaching the virtues of worker participation, the Felixstowe Dock and Railway Company—the main private enterprise plum to be nationalized in the Government's ports reorganization proposals—was trying to put it into practice among its 1,000 dockers and staff.



How do we keep the news of our offer of profit-sharing from the workers of Chrysler USA?

General Workers' Union conveyor at Felixstowe, told how he once nearly joined the board, Gordon Parker, the chairman, sounded him out, but it came to nothing for two reasons—both fixed rate at Felixstowe that anyone who pilfers is out, and this is accepted; people don't like to work with pilferers," one said.

"But in a scheme port recently a man was convicted of stealing £150 of goods and the Dock Labour Board had to take strong action. They suspended him for five days—in other words gave him five days' holiday. It is ridiculous; not just for the pilfering but for the effect on relationships."

O'Donnell, 50, and director John Parker, 45, put on a nice double act yesterday to deal with questions about forthcoming extension of the dock labour scheme, illustrating how worker participation at Felixstowe works. "Don't think it'll help; don't think it'll hinder," O'Donnell said. "Complete synchronization; absolute disaster," said Parker.



How do we keep the news of our offer of profit-sharing from the workers of Chrysler USA?

Later Felixstowe managers drew attention privately to one aspect of the dock labour scheme that could affect the port in a little known but very material way—pilferage. "We have

fixed rate at Felixstowe that anyone who pilfers is out, and this is accepted; people don't like to work with pilferers," one said.

Eastern promise
The City is limbering up for a high-powered descent upon Far Eastern markets later this month, when missions from the

Committee on Invisible Exports hold financial conferences in Tokyo from May 26 to May 28 and in Seoul from May 29 to May 30.

Gordon Richardson, the Governor of the Bank of England, will be travelling to Far East at this time and will stop in Tokyo to head the mission there together with Kit McMahon, his executive director in charge of overseas affairs.

They will be backed by, among others, George Loveday, chairman of The Stock Exchange, and Ian Fraser, chairman of the City Capital Markets Committee. The conference, which is being held in association with the Japanese financial daily *Nihon Keizai Shimbun*, will polish up existing relationships and the talk will concentrate upon world financial issues.

Among the Japanese speakers will be Mr Morinaga, Richardson's opposite number at the Bank of Japan.

The Seoul conference, which will concentrate on explaining the City's financial services to the South Koreans and on finding out which would be of most use to the hosts, will be led by Lord Diamond, the Labour peer who chairs the Royal Commission on the Distribution of Income and Wealth.

Yesterday's High Court victory for Bollinger and Lanson which will stop the use of the word "champagne" in connection with cider was celebrated in London last night with a decidedly non-vintage apple. Perhaps this reflected the possibility of an appeal.

	1972	1973	1974
Turnover	40,000	50,000	68,000
Profit pre-tax	1,611	1,813	2,010
Special Provisions	—	—	1,021
Profit after tax	1,069	1,035	475

Extracts from the 1974 Statement by the Chairman Mr. A. F. Parker

The Group trading profit for the year was up by almost £200,000 at £2,010,000. This increase was unfortunately not in line with the increase in turnover which, at £68 million, was thirty six per cent. higher than in 1973. I regard the reduction in margins as a clear reflection of the more difficult trading conditions prevailing in the United Kingdom, where the greater part of our turnover is obtained. Inflation has an especially damaging effect because the standard form of building contract gives much less than full recovery of increased costs.

Your Directors have considered it advisable to make two exceptional provisions against normal trading profits, one in respect of a doubtful debt on an overseas contract and the other to bring the valuation of our trading properties into line with the depressed market in this sector.

Building work within the United Kingdom has continued to be the mainstay of our business. Throughout 1974 a high level of activity was maintained and we calculate that in real terms, discounting inflation, turnover was up by about one-third on the previous year.

In civil engineering we have found trading particularly difficult, even within the reduced scale of operations which I announced last year.

The severe cut-back in public sector work, the resultant increase in competition, the unduly high level of investment required—these are all adverse factors in the present market. In our traditional areas of overseas operations, the Caribbean, profitability has shown a marked improvement.

Opportunities for new work overseas are attractive, particularly in the Middle East. We are exploring many such prospects and we are hopeful of some success.

The Group's outstanding workload is approximately £100 million.

The inevitable recession in United Kingdom construction activity will be slow to reflect in our performance because of our bias to long-term projects. We shall endeavour to make good the required rate of progress in other ways, such as overseas work, but the uncertainties are too great for me to make any specific prediction at this time concerning the current year.

HIGGS AND HILL

Building and Civil Engineering Contractors

Crown House, Kingston Rd., New Malden, Surrey

Overseas:

Kingston (Jamaica) - St Kitts - Paris - Athens - Nice - St. Lucia

Richards & Wallington Industries Limited

W. R. Richards, A.I.O.B., Chairman, reports

	1974	1973
Group Turnover	£2,689	£19,854
Trading Profit	2,941	2,355
Profit After Tax	1,436	1,254
Basic Earnings per share	12.26p	12.25p
Ordinary Dividends paid and proposed (gross)	3.72p	3.37p

* The results are yet again at record levels, and must be regarded as an excellent achievement bearing in mind inflationary pressures and national problems.

* Cautious 'diversification' on the home market has paid great dividends.

* The establishment of our construction equipment distribution organisation in South East Asia is now advancing satisfactorily. All indications to date emphasise the scope of this enormous market.

* The group has decided to enter the crane manufacturing industry as a joint venture with one of the United States' largest and most successful manufacturers of construction equipment, but based on a policy of assembly as opposed to pure manufacture.

* Barring unforeseen circumstances, another increase in profits can be expected in 1975.

THE NATION'S LEADING CRANE & PLANT HIRE GROUP

Copies of the Report and Accounts may be obtained from the Secretary, Richards & Wallington Industries Ltd, Watling Road, Birmingham B11 2DF

Ellis & Goldstein (Holdings) Limited

Manufacturers, distributors and retailers of ladies outerwear—Easter, Dereta, Dumarsel, Laura Lee

1975 RESULTS

	12 months to 31 Jan. 1975	15 months to 31 Jan. 1974
Turnover	£2,647,871	£2,654,537
Profit before tax	£2,439,350	£3,109,343
Taxation	£1,339,906	£1,578,673
Total Ordinary Dividends	1.43p	1.64p
Earnings per Stock Unit	4.7p	6.0p

Points from the Statement by the Chairman, Mr. D. Cammoe. The profits for the second half year improved substantially over those for the first six months to produce £2,439,350 for the year as a whole, an annual amount at the same rate as that for the previous fifteen months. The final dividend of 7.42p per Ordinary Stock unit, making 1.43p for the year, is the maximum permitted.

The value and volume of exports increased as a whole by 86%: retail sales abroad are almost double. Shops in Switzerland and Australia bring total overseas to twenty five.

The Group's Balance Sheet is strong with cash at £1.1m and the increased value of stocks and debtors is less than the 25% increase in sales might lead one to expect.

Generally, future trading conditions are likely to be difficult; but there are circumstances in which, in the past, we have been able to make progress. The reinforcement of traditional quality, keen pricing, the maintenance of overseas development of our ranges and the maintenance of full employment of manufacturing capacity will combine to stand us in good stead.

FINANCIAL NEWS

Staveley to raise £2.9m through placing with institutions

By David Mott
To take advantage of several opportunities for profitable new investment, Staveley Industries plan to raise almost £2.9m through a placing with institutional shareholders. The number of shares involved is 2.75 million at a price of 107½p.

The board says it would have liked to involve all shareholders in the operation but was advised that a straightforward rights issue might not be practical because of the present volatility of the stock market, and the relationship of the present market price (121p) to the £1 par value.

In view of the economic

climate the company felt it was better to raise the cash now in this manner rather than wait and possibly jeopardize progress.

In the half year to March 31 profits before tax rose from £938,000 to £1,432m and were generally in line with the forecast made at the end of last year. Sales improved from £26.8m to £37.5m. Linfood to raise £1.78m: Linfood Holdings, comprising the old Associated Food Holdings and Thomas Linnell, is to raise £1.78m through a rights issue of one for four at 125p. In a nominal market Linfood's

shares rose 5p to 160p. So the "rights" are worth 7p a share. Guinness Peat which holds 45.1 per cent of the shares has undertaken to subscribe or procure subscribers for its entitlement.

The proceeds will help pay for a development programme including new supermarkets and discount stores. Pre-tax profits in the year to April 26 last were around £2.2m and the dividend will be at an annual rate of 10.76p a share.

The main freehold and long leasehold properties have been valued as at April 26, to reveal a surplus of £894,000 over book values.

Phoenix chairman hits out at Mr Benn

By Anthony Rowley
An attack on the idea that institutional investors have enough capital is made by the Viscount de l'Isle, chairman of Phoenix Assurance.

In an obvious reference to Mr Wedgwood Benn's recent criticisms on this subject, Lord de l'Isle says: "It is necessary to be more explicit about the role of any insurance company in its investment policy."

"Insurance companies are custodians of the funds of the general public. A form of moral trusteeship exists

between them and those from whom they derive the resources they administer."

Insurance companies (in the general branch) have to invest such funds to cover future liabilities arising out of contractual obligations. They have to exercise "exceptional caution" over where they place their funds to avoid the risk of impairing free assets on which their solvency margin depends.

In the life branch, companies have to invest new monies—the savings of the general public—where they best counter the effects of inflation.

£6m Reliance Ins loss

Tough trading hit Reliance Insurance, the principal United States operating subsidiary of the Reliance Group. The result was an underwriting loss of \$13.91m (£6m) for the first quarter of 1975 compared with an underwriting profit of \$1.34m a year ago.

Group net profits for the international computer and financial combined headed by Mr Saul Steinberg, formerly Leasco, are down from \$6.18m to \$3.11m. Sales have risen by 13 per cent to \$209.75m compared with \$185.52m. Net investment profit increased by 18 per cent over last year's figure.

Squeeze on Brit Syphon margins goes on

By Desmond Quigley

The profits of British Syphon Industries plunged in the second half of the year to December 31 and pulled down earnings to a level not seen since 1971. But turnover was a record £9.96m.

Although the second half accounted for just over 50 per cent of the turnover, pre-tax profits at £210,791 accounted for only 34 per cent of the full year figure of £617,305. Of the post-tax profits of £250,114 for the 12 months, only £67,371 was accounted for by the second half.

The squeeze on margins left trading profits at £895,829 compared with £904,087. Earnings slumped from £406,353 after a near three-fold increase in interest payments to £273,524.

The outlook for this year is poor. The company expects to suffer the trends experienced in the second half last year.

Earnings are 4.7p a share against 7.3p. A final dividend of 1.1p is proposed against 1p to make 1.77p against 1.57p.

Mr Grimshaw back to Pennine

The board of Pennine Motor Group says that following re-structure of the board Mr Peter Grimshaw, the former chairman of Grimshaw Holdings and Pennine, has been appointed financial director.

It also says that Messrs Walling and Grimshaw have acquired from the Lomsworth family interests about 12 per cent of the Pennine equity.

Last month Grimshaw Holdings sold to the family their entire holding of 1,241,200 ordinary PMG shares representing 19.2 per cent of the issued capital.

PHOENIX ASSURANCE COMPANY LIMITED

Extracts from the Statement by the Chairman, The Viscount De l'Isle, VC, KG

This has been a year of major losses from natural disasters, notably in Australia and Ohio in the United States of America. Together with an explosion in the petro-chemical plant in Filzbrough, Lincolnshire, they account for a substantial part of the total loss for the year.

Underwriters also had to contend with problems which were not in themselves related to insured perils. It is often impossible to settle insurance claims soon after the event. Months and often years may elapse before the extent of personal injuries can be properly quantified and payments made. The rate of inflation has been so severe that under such conditions there is no reliable method of estimating the eventual cost of claims settlements. A cautious attitude has been adopted towards these liabilities and our reserves have been supplemented by substantial amounts.

The large and influential insurance companies and other financial institutions, nowadays taken so much for granted, have built themselves and their reputations by translating current trends into future obligations. Those less cautious have gone into decline and the system has emerged stronger as a result.

Protection for Policyholders

A bill has now been introduced into Parliament which would impose on insurance companies generally an obligation to meet liabilities of other insurance companies in difficulties from whatever cause. The need for some protection for members of the public, as individuals, against hardship caused by insurance insolvencies is nowadays widely acknowledged. The industry has voluntarily offered such a scheme. But the proposed legislation will in our view inevitably encourage the less well-managed organisations to enter into contracts which are commercially unjustified in the knowledge that the stronger and better managed organisations are effectively underwriting their speculative business. It is for this reason we strongly oppose the provisions in the bill for insurance company rescues. The industry is preponderantly against the Policyholders Protection Bill in its present form and has united in opposition to it. It does not accept as well-founded a minority view in support of this legislation.

Trading Results

The group profit before tax in 1974 was £10,678,000 compared with £15,670,000 earned in the previous year. Investment income went ahead from £12,347,000 to £16,413,000 but our underwriting results suffered a set-back with a loss of £6,772,000 (£2,448,000 profit in 1973).

The decision of your directors to recommend that the dividend be increased by the maximum amount permitted under the counter-inflation regulations is an expression of confidence in the future and in the inherent strength of your company. After providing for a total of £3,659,000 (£2,932,000 in 1973) in respect of dividends for the year an amount of £2,198,000 has been transferred to retained profits and reserves.

Century Insurance

During the year the most significant and encouraging development was the agreement reached with Friends' Provident Life Office leading to the acquisition of The Century Insurance Company Ltd and its subsidiary companies. Century enjoys a high reputation internationally but most of its business is in the United Kingdom. In particular it has long-standing and important connections in Scotland. This will improve the geographical distribution of our home account. The two companies operate on a similar basis and savings will accrue from the merging of their respective organisations. The long-term insurance business of Century will remain with Friends' Provident, which with 12.8% of your company's issued capital becomes an important shareholder.

DAS

In April of this year the formation of D A S Legal Expenses Insurance Company Ltd was announced. The company will enable individuals and organisations to insure against the expense of obtaining legal help in a wide range of contingencies. This is a joint enterprise between your company and Deutscher Automobil Schutz Allgemeine Rechtsschutz-Versicherungs AG of Munich (a member of the Victoria-Lubens group of Dusseldorf and Berlin) in which each has a 50% share. Legal expenses insurance is long established in Europe and generates a substantial premium income. Our German partners have the largest share of that market.

Reinsurance—major reorganisation

We have undertaken a major reorganisation of the group's reinsurance operations. Our subsidiary, formerly London Guarantee and Accident Company Ltd, has become London Guarantee & Reinsurance Company Ltd, and is now the principal reinsurance company of the group, already well established in London, suitable opportunities

thought of as a means of combating the erosion in purchasing power brought on by inflation. It was on this basis that the savings of the public and other capital resources of society were invested in a wide range of enterprises for the expansion of our national wealth. The factor which sustains and justifies such investment is the adequacy of profits. Latterly profits have shown a declining trend, depressed by taxation, controls and inflation. It is in fact, diminishing profitability which is the cause of under-investment. This in turn puts many thousands of jobs at risk through an enfeebled economy.

High degree of liquidity

This explains why it has been necessary to maintain a continuing high degree of liquidity in our United Kingdom funds. There has been some revival in the new issues market in equities during the first quarter of 1975. We welcome this development and hope that national policies will enable it to be maintained since it is vital that a revived market should afford opportunities for the investment of savings in industry. Your company has also given its full support to the initiative of the Governor of the Bank of England to assist industry by making additional funds available through the Finance for Industry organisation.

The group's substantial holdings in the equity market, which are long term investments, continue to be scrutinised in order to maintain the quality of the portfolio. The value of these holdings has already shown a significant recovery in the year 1975. Similarly, the fall in interest levels has restored part of the market value of our fixed interest portfolio.

At the end of the year your company's net surplus assets amounted to £56 million. This was 27% of the group general premiums for 1974 including those of Century. By 31st March this ratio had improved to more than 40%.

Growth of Long-term Insurance

In spite of some uncertain trading conditions, 1974 was again a year in which the growth of our life and pensions business exceeded the market average. New sums assured world-wide amounted to £853 million, an increase of 28%. The total for the United Kingdom was £896 million, an increase of 39%.

Last year I referred to the Wealth Assured Endowment policy which continues to attract support. More recently our product range has been extended by the Ten-4-Ten policy, designed as a medium for substantial savings having regard for the provisions of the Finance Act 1975. This new policy should be equally well received.

The replacement of estate duty by capital transfer tax increases the need for life assurance as the sole means by which many businesses can be passed on unimpaired to the next generation. In this way life assurance can make a real contribution to the continuing enterprise of the nation. Here again we have introduced policies specially designed for the new conditions.

The dramatic fall in asset values during 1974 has not affected the profitability of the major part of our life assurance and pensions business.

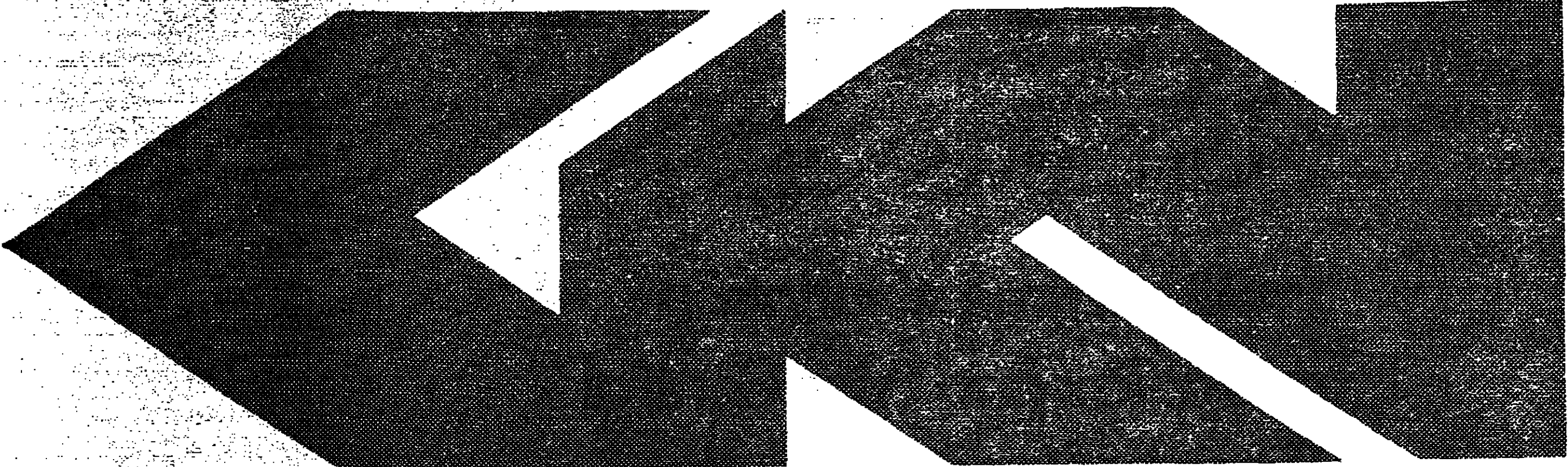
The valuation of the Phoenix life assurance fund as at 31st December 1974 after making provision for the special reserve has resulted in a release of £900,000 for shareholders.

For participating policyholders the rate of reversionary bonus for the year 1974 was maintained at the increased 1973 level of £4.50 per £100 sum assured, with a terminal bonus at the rate of £0.50 per £100 sum assured for each year prior to 1964 in respect of which the policy was established or participated in profits.

For a copy of the Annual Report 1974, please write to the Secretary, Phoenix House, 4-5 King William Street, London, EC4P 4HR.

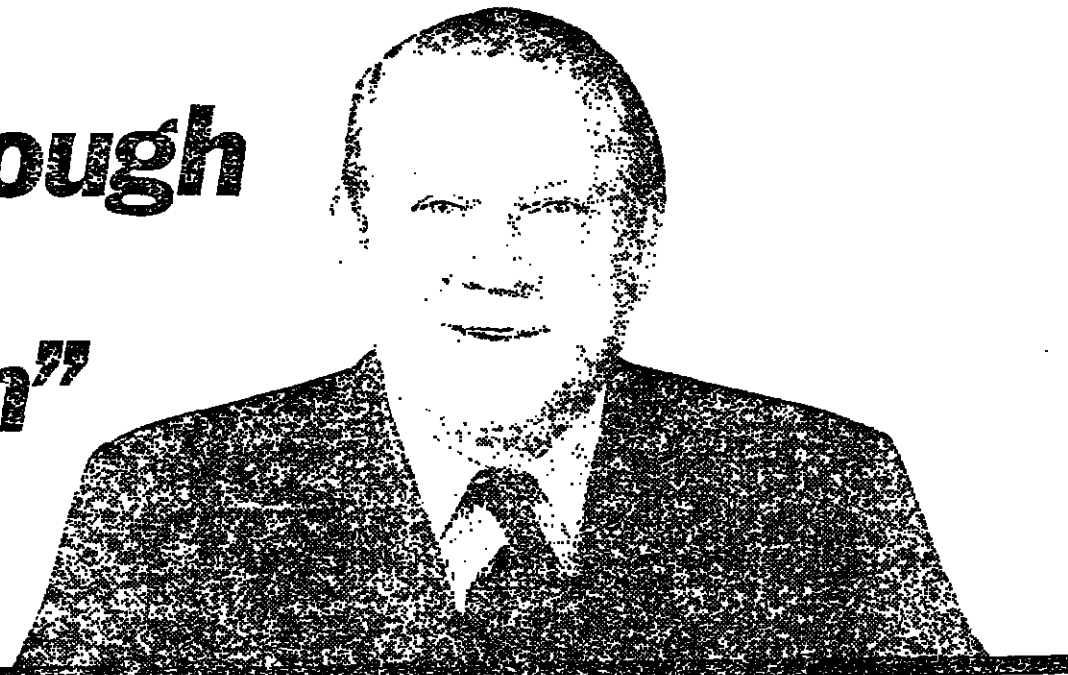


Nation



**"We have come through
with flying colours.
We shall do so again"**

Mr Barrie Heath DFC, Group Chairman



GKN AT RECORD LEVELS

	1974	1973
Turnover	£1,138m	£819m
Surplus on trading	£102.4m	£69.6m
Surplus to turnover	9%	8.5%
Profit before tax	£90.4m	£70.6m
Earnings per £1 ordinary share	36.4p*	27.2p
Earnings on net assets employed	18.6%	16.3%

Trading Results

In the United Kingdom high demand for most Group products and services persisted until towards the end of the year. Sales were higher in all the major product areas, assisted by a significant increase in exports of both steel and automotive products.

Overseas operations showed a sales increase from £240 million to £334 million.

Ten Year Development

In 1974 Sir Raymond Brookes was Group Chairman. He held this appointment for almost ten years, a decade in which the size and business of the Group developed immensely.

Over those ten years capital invested rose from £199 million to £350 million; sales turnover from £353 million to £1,138 million and profit before tax from £30 million to £90 million.

This is a truly remarkable record which bears testimony to the exceptional quality of Sir Raymond's leadership and his total dedication of purpose to the interests of GKN and its employees.

*On the share capital before the rights issue.

GKN OUR BUSINESS

Sales (including intra-group)	£m	%
Primary metal products	188	15
Automotive components	456	36
Distribution and services	269	21
General and civil engineering products and services	353	28
Total	1266	100

Exports

Exports from the United Kingdom reached the record figure of £107 million; those to the EEC increased substantially, from £18 million to £30 million. In addition there were many millions of pounds of indirect exports. For export achievement two Group divisions won the Queen's Award to Industry.

European Economic Community

The advantages that accrue to GKN through membership of the EEC are very wide indeed — advantages that will flow to all our employees, our shareholders and our customers. It represents not only the largest, but the fastest-growing, market for GKN exports.

Any withdrawal from the EEC by this country would not only be detrimental to GKN, but would have a highly destructive effect on the whole of the British engineering industry.

Capital Investment

During 1974, the Group spent £51 million on capital projects, against £28 million in 1973. In 1975 we intend to spend more than £53 million on our United Kingdom developments and a further £14 million overseas, of which £8 million will be spent on European projects.

GKN WORLD WIDE

The number of persons employed in the GKN Group at 28th December, 1974 was as follows:

United Kingdom	84,832
Europe	15,392
Asia	14,290
Australasia	909
Africa	3,837
America	1,080
World total	120,340

Prospects and Dividends for 1975

Increasing inflation, price controls, a weak balance of payments, unofficial militant industrial action, energy crises and the threat of war in distant lands... this is the background against which chairmen these days must take a view of the future. Against this formidable picture, however, GKN is in good shape.

Having regard to the trading performance in the early months of 1975, the indication is that the results for the year as a whole should be satisfactory, although it is not expected that 1975 will equal the exceptionally good performance of 1974.

The Group has a progressive historical dividend record and a stated aim, legislation permitting, to maintain dividend increases at least in line with inflation. Given satisfactory results, the 1975 dividend payment will be consistent with the past record and with this aim.

The coming year will be far from easy but GKN has seen difficult times in the past and yet, with the outstanding support and help of all our employees, we have come through with flying colours. We shall do so again!

Summary of the 1974 Annual Report



**GUEST KEEN AND
NETTLEFOLDS LTD**

For copies of the Annual Report please write to:-

Guest Keen and Nettlefolds Limited,

Group Headquarters:

P.O. Box 55, Smethwick, Warley, West Midlands B66 2RZ

GKN House, 22 Kingsway, London WC2B 6LG

A static company cannot maintain employment level....., says Mr David Orr.

ing to the postwar nationalization of oil companies.

هكذا من الأصل

down

Foreign Exchange

Sterling extended its decline in international foreign exchange markets yesterday falling to a low of 25.2 per cent mark on its official depreciation in London. The dollar was increased to 100.00, caught up in currency uncertainty over the situation created by the Cambodian secession of a United States merchant helped undermine its rate, devalued.

A volatile exchange rate

Spot Position of Sterling

	Market rates (pence/sterling)	Market rates (sterling/dollar)
May 11	115.13	100.00
May 12	114.80	99.98
May 13	114.70	99.98
May 14	114.60	99.98
May 15	114.50	99.98
May 16	114.40	99.98
May 17	114.30	99.98
May 18	114.20	99.98
May 19	114.10	99.98
May 20	114.00	99.98
May 21	113.90	99.98
May 22	113.80	99.98
May 23	113.70	99.98
May 24	113.60	99.98
May 25	113.50	99.98
May 26	113.40	99.98
May 27	113.30	99.98
May 28	113.20	99.98
May 29	113.10	99.98
May 30	113.00	99.98
May 31	112.90	99.98
June 1	112.80	99.98
June 2	112.70	99.98
June 3	112.60	99.98
June 4	112.50	99.98
June 5	112.40	99.98
June 6	112.30	99.98
June 7	112.20	99.98
June 8	112.10	99.98
June 9	112.00	99.98
June 10	111.90	99.98
June 11	111.80	99.98
June 12	111.70	99.98
June 13	111.60	99.98
June 14	111.50	99.98
June 15	111.40	99.98
June 16	111.30	99.98
June 17	111.20	99.98
June 18	111.10	99.98
June 19	111.00	99.98
June 20	110.90	99.98
June 21	110.80	99.98
June 22	110.70	99.98
June 23	110.60	99.98
June 24	110.50	99.98
June 25	110.40	99.98
June 26	110.30	99.98
June 27	110.20	99.98
June 28	110.10	99.98
June 29	110.00	99.98
June 30	109.90	99.98
July 1	109.80	99.98
July 2	109.70	99.98
July 3	109.60	99.98
July 4	109.50	99.98
July 5	109.40	99.98
July 6	109.30	99.98
July 7	109.20	99.98
July 8	109.10	99.98
July 9	109.00	99.98
July 10	108.90	99.98
July 11	108.80	99.98
July 12	108.70	99.98
July 13	108.60	99.98
July 14	108.50	99.98
July 15	108.40	99.98
July 16	108.30	99.98
July 17	108.20	99.98
July 18	108.10	99.98
July 19	108.00	99.98
July 20	107.90	99.98
July 21	107.80	99.98
July 22	107.70	99.98
July 23	107.60	99.98
July 24	107.50	99.98
July 25	107.40	99.98
July 26	107.30	99.98
July 27	107.20	99.98
July 28	107.10	99.98
July 29	107.00	99.98
July 30	106.90	99.98
July 31	106.80	99.98
Aug 1	106.70	99.98
Aug 2	106.60	99.98
Aug 3	106.50	99.98
Aug 4	106.40	99.98
Aug 5	106.30	99.98
Aug 6	106.20	99.98
Aug 7	106.10	99.98
Aug 8	106.00	99.98
Aug 9	105.90	99.98
Aug 10	105.80	99.98
Aug 11	105.70	99.98
Aug 12	105.60	99.98
Aug 13	105.50	99.98
Aug 14	105.40	99.98
Aug 15	105.30	99.98
Aug 16	105.20	99.98
Aug 17	105.10	99.98

Dealers said most United Kingdom interest was centred on resident Kruggerands, which traded actively, reflecting the currency uncertainties. The coins closed at \$90.50 each, a 2½ per cent premium over their metal content.

Gold bullion closed 50 cents an ounce up, at \$166.00.

Against the dollar, the pound rose by 90 points to \$2.3075.

Forward Levels

Tin Council bring forward meeting

On May 23 the International Tin Council meet in Geneva to consider the suspension of H. W. Allen, the executive chairman of the council's buffer stock manager and his deputy.

The council had not planned to meet until the final week of the talks in Geneva to negotiate a new international tin agreement. Their meeting being held from May 20 to June 20.

	Bid
3 STRAIGHTS	
ADFC 10% 1981	105 7/8
Akzochem B° 1978	85
Ashland R° 1967	90
Celanese C° 1970	92
Dynalene C° 1970	91
Eaton C° 1968	90
Harrington C° 1967	91
Kellogg C° 1968	90
Lanxess C° 1969	90
Monsanto C° 1969	90
Northern 1980	85
Petrolchem 1980	85
Cons Prod 1991	85 1/2
Rohm & Haas 1980	85
Solvay B° 1980	85
Union Carbide 1980	85
Amoco Tokyo A° 1981	100
Amoco Tokyo S° 1981	100
Delta S° 1981	90
Enbridge 1980	90
Exxon 1980	90
Midcon 1980	85 1/2

Gold

[illegible][illegible][illegible][illegible][illegible][illegible][illegible]

Authorized Unit Trusts									
Report to	Assets	Income	Capital	Net	Assets	Income	Capital	Net	Assets
1957	1958	1959	1960	1961	1957	1958	1959	1960	1961
1962	1963	1964	1965	1966	1962	1963	1964	1965	1966
1967	1968	1969	1970	1971	1967	1968	1969	1970	1971
1972	1973	1974	1975	1976	1972	1973	1974	1975	1976
1977	1978	1979	1980	1981	1977	1978	1979	1980	1981
1982	1983	1984	1985	1986	1982	1983	1984	1985	1986
1987	1988	1989	1990	1991	1987	1988	1989	1990	1991
1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
1997	1998	1999	2000	2001	1997	1998	1999	2000	2001
2002	2003	2004	2005	2006	2002	2003	2004	2005	2006
2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
2027	2028	2029	2030	2031	2027	2028	2029	2030	2031
2032	2033	2034	2035	2036	2032	2033	2034	2035	2036
2037	2038	2039	2040	2041	2037	2038	2039	2040	2041
2042	2043	2044	2045	2046	2042	2043	2044	2045	2046
2047	2048	2049	2050	2051	2047	2048	2049	2050	2051
2052	2053	2054	2055	2056	2052	2053	2054	2055	2056
2057	2058	2059	2060	2061	2057	2058	2059	2060	2061
2062	2063	2064	2065	2066	2062	2063	2064	2065	2066
2067	2068	2069	2070	2071	2067	2068	2069	2070	2071
2072	2073	2074	2075	2076	2072	2073	2074	2075	2076
2077	2078	2079	2080	2081	2077	2078	2079	2080	2081
2082	2083	2084	2085	2086	2082	2083	2084	2085	2086
2087	2088	2089	2090	2091	2087	2088	2089	2090	2091
2092	2093	2094	2095	2096	2092	2093	2094	2095	2096
2097	2098	2099	2100	2101	2097	2098	2099	2100	2101
2102	2103	2104	2105	2106	2102	2103	2104	2105	2106
2107	2108	2109	2110	2111	2107	2108	2109	2110	2111
2112	2113	2114	2115	2116	2112	2113	2114	2115	2116
2117	2118	2119	2120	2121	2117	2118	2119	2120	2121
2122	2123	2124	2125	2126	2122	2123	2124	2125	2126
2127	2128	2129	2130	2131	2127	2128	2129	2130	2131
2132	2133	2134	2135	2136	2132	2133	2134	2135	2136
2137	2138	2139	2140	2141	2137	2138	2139	2140	2141
2142	2143	2144	2145	2146	2142	2143	2144	2145	2146
2147	2148	2149	2150	2151	2147	2148	2149	2150	2151
2152	2153	2154	2155	2156	2152	2153	2154	2155	2156
2157	2158	2159	2160	2161	2157	2158			

Barclays Bank	9 1/2%
C. Hoare & Co	9 1/2%
Lloyds Bank	9 1/2%
Midland Bank	9 1/2%
Nat Westminster	9 1/2%
Shenley Trust	11 1/2%
20th Century Bank	11 1/2%
Williams & Glyn's	9 1/2%

*7-1/2% deposits on sums of \$10,000 and under. 6% on \$25,000 and under. 6% on \$25,000 and over.

Registered Office:
J. de Chassemeisen 21, Brussels
Shareholders' Meetings: 13 Avenue
n° 13-17

NOTICE TO SHAREHOLDERS

Shareholders are requested to attend the annual General Meeting, which will be held on Thursday, 16th May, 1975, at 3.30 p.m. in the Office of the Société Générale de Belgique, 30 rue Royale, Brussels.

Reports by the Board of Directors, the Auditing Commission and the liquidator for the financial year 1974.

Approval of the balance sheet of the company, the statement of the profit and loss account of the financial year: distribution of the profit.

Discharge to be granted to the Directors and Auditors.

Various resolutions.

In order to be admitted to this Meeting owners of bearer shares must deposit their shares with one of the following banks:

- a) a Belgian bank: the Société Générale de Belgique, in Brussels or any of its other offices and agencies;
- b) the Crédit du Nord at Union Paribas-Union Belcoire, S.A., rue de la Woluwe 62, 1200 Brussels (Belgium);
- c) in the Netherlands: the Algemeene Bank Nederland, N.V., 1017 CA Amsterdam.

Owners of bearer shares will be admitted to the Meeting on production of a certificate of deposit of the above banks quoting the identity of the owner of the shares and certifying that the shares have been deposited from 16th to 23rd May, 1975.

Shareholders of registered shares must subscribe the Company at the latest by Friday 16th May, 1975, of their own free will, without consent or request of the Company.

Proxies, conferred according to Article 31 of the Articles of Association, must be deposited at the latest by Friday 16th May, 1975, at the Company's Registered Office, 30 rue Royale, Brussels.

Proxy forms are available to shareholders as also at the above-mentioned banks.

The Board of Directors

1974/75		Last		Gross		Ytd	
High	Low	Price	Ch'ge	DDP/c	%		P/E
55	35	Armitage & Rhodes	43	—	3.0	7.0	4.8
124	90	Henry Sykes	124	—	4.9	4.0	8.3
61	29	Twinnock Ord	33	—	0.8	2.6	7.7
61	45	Twinnock 12% ULS	61	—	12.0	19.7	—

ACCOUNT DAYS: Dealings Began, May 5. Dealings End, May 16. § Contango Day, May 19. Settlement Day, May 28.
§ Forward bargains are permitted on two previous days.

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